

BMO Managed Portfolio Trust PLC

Annual Report and Financial
Statements 31 May 2019

Formerly F&C Managed
Portfolio Trust PLC

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Financial Calendar

Annual General Meeting	23 September 2019
Deadlines for submitting conversion instructions:	
– for BMO retail savings plan investors	24 September 2019
– for non-BMO retail savings plan investors	1 October 2019
First interim dividend paid	(XD Date 19 September 2019) 11 October 2019
Share conversion facility date	31 October 2019
Second interim dividend paid	(XD Date 19 December 2019) 10 January 2020
Announcement of interim results for six months to 30 November 2019	January 2020
Third interim dividend paid	(XD Date 19 March 2020) 10 April 2020
Fourth interim dividend paid	(XD Date 18 June 2020) 10 July 2020
Announcement of annual results and posting of annual report	July 2020
Annual General Meeting	September 2020

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your shares in BMO Managed Portfolio Trust PLC please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Company Overview

BMO Managed Portfolio Trust PLC (the '**Company**') is an investment trust and launched on 16 April 2008. Its shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange.

The Company's name changed from F&C Managed Portfolio Trust PLC on 9 November 2018.

Our Aim

The Company's shares provide investors with access to a broad spread of investment companies, covering a variety of geographies, sectors and investment managers, with the objective of providing both income and growth, while spreading investment risk.

This is intended to appeal, in particular, to investors with smaller investment portfolios and to regular savers.

Share classes

The Company has two classes of shares with two separate investment portfolios:

- the Income shares, where the investment focus is to provide an attractive level of income, together with some capital growth; and
- the Growth shares, where the investment focus is to achieve capital growth.

The ability to switch between the two share classes, annually, in a tax efficient manner offers flexibility to those investors whose requirements may change over time.

As at 31 May 2019, the Income shares had a dividend yield of 4.4% and had achieved a net asset value total return of +123.2% since launch. The net asset value of the Growth shares had risen by +109.4% since launch.

The benchmark index for both the Income Portfolio and the Growth Portfolio is the FTSE All-Share Index total return.

Visit our website at www.bmomanagedportfolio.com

The Company is registered in Scotland with company registration number SC338196
Legal Entity Identifier: 213800ZA6TW45NM9YY31

Forward-looking statements

This document 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 views and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

Income Shares – Highlights 2019

+4.4%

Dividend increased

Annual dividend increased by 4.4% to 5.95p per Income share compared to the prior year (excluding the special dividend paid in 2018).

4.4%

Dividend yield⁽¹⁾

Dividend yield of 4.4% at 31 May 2019, based on dividends at the current annual rate of 5.95p per Income share, compared to the yield on the FTSE All-Share Index of 4.3%. Dividends are paid quarterly.

+2.5%

NAV total return⁽¹⁾

Net asset value total return per Income share of +2.5% for the financial year outperforming the FTSE All-Share Index total return (-3.2%) by +5.7%.

+123.2%

Long term performance

Net asset value total return per Income share of +123.2% since launch on 16 April 2008, the equivalent of 7.5% compound per year. This has outperformed the FTSE All-Share Index total return +91.6%, the equivalent of 6.0% compound per year.

⁽¹⁾ Yield and total return – see Alternative Performance Measures on pages 89 and 90.

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.

Income Shares – Performance Summary

	Year ended 31 May 2019	Year ended 31 May 2018
Total Return⁽¹⁾		
Net asset value per Income share	+2.5%	+3.0%
Income share price	+2.5%	+2.7%
FTSE All-Share Index	-3.2%	+6.5%

Other Financial Highlights – Capital			
	Year ended 31 May 2019	Year ended 31 May 2018	% Change
Net asset value per Income share	131.81p	135.29p	-2.6%
Income share price	134.50p	138.00p	-2.5%
FTSE All-Share Index	3,923.87	4,222.20	-7.1%
Revenue return per share (including net income transfer from Growth shares)	6.59p	7.32p	
Dividends per Income share	5.95p	6.5p ⁽²⁾	
Dividend yield ⁽¹⁾	4.4%	4.1% ⁽³⁾	
Premium ⁽¹⁾	+2.0%	+2.0%	
Ongoing charges, excluding performance fee ⁽¹⁾	1.08%	1.07%	

	Highs 2019	Lows 2019
Year's Highs/Lows		
Net asset value per Income share	137.8p	119.9p
Income share price	139.5p	120.5p
Premium/-Discount ⁽⁴⁾	+3.0%	-3.1%

⁽¹⁾ Total return, yield, premium/(discount) and ongoing charges – see Alternative Performance Measures on pages 89 and 90.

⁽²⁾ Including special dividend of 0.8p per Income share.

⁽³⁾ Excluding special dividend of 0.8p per Income share.

⁽⁴⁾ Premium/-discount high – widest premium/narrowest discount in year. Premium/-discount low – narrowest premium/widest discount in year.

Sources: BMO Global Asset Management ("BMO GAM") and Datastream

Growth Shares – Highlights 2019



-0.5%

NAV total return⁽¹⁾

Net asset value total return per Growth share of -0.5% for the financial year outperforming the FTSE All-Share Index total return (-3.2%) by +2.7%.



+109.4%

Long term growth

The net asset value per Growth share has increased by +109.4% since launch on 16 April 2008, the equivalent of 6.9% compound per year. This has outperformed the FTSE All-Share Index total return +91.6%, the equivalent of 6.0% compound per year.



Outperformance

Consistent out-performance of the benchmark

The net asset value total return per Growth share has outperformed the FTSE All-Share Index total return over one year, three years, five years, ten years and from launch to 31 May 2019

⁽¹⁾ Total return – see Alternative Performance Measures on page 90

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.

Growth Shares – Performance Summary

	Year ended 31 May 2019	Year ended 31 May 2018
Total Return⁽¹⁾		
Net asset value per Growth share	-0.5%	+11.0%
Growth share price	-1.4%	+10.6%
FTSE All-Share Index	-3.2%	+6.5%

Other Financial Highlights – Capital			
	31 May 2019	31 May 2018	% Change
Net asset value per Growth share	205.17p	206.23p	-0.5%
Growth share price	206.00p	209.00p	-1.4%
FTSE All-Share Index	3,923.87	4,222.20	-7.1%
Premium ⁽¹⁾	+0.4%	+1.3%	
Ongoing charges, excluding performance fee ⁽¹⁾	1.01%	1.02%	

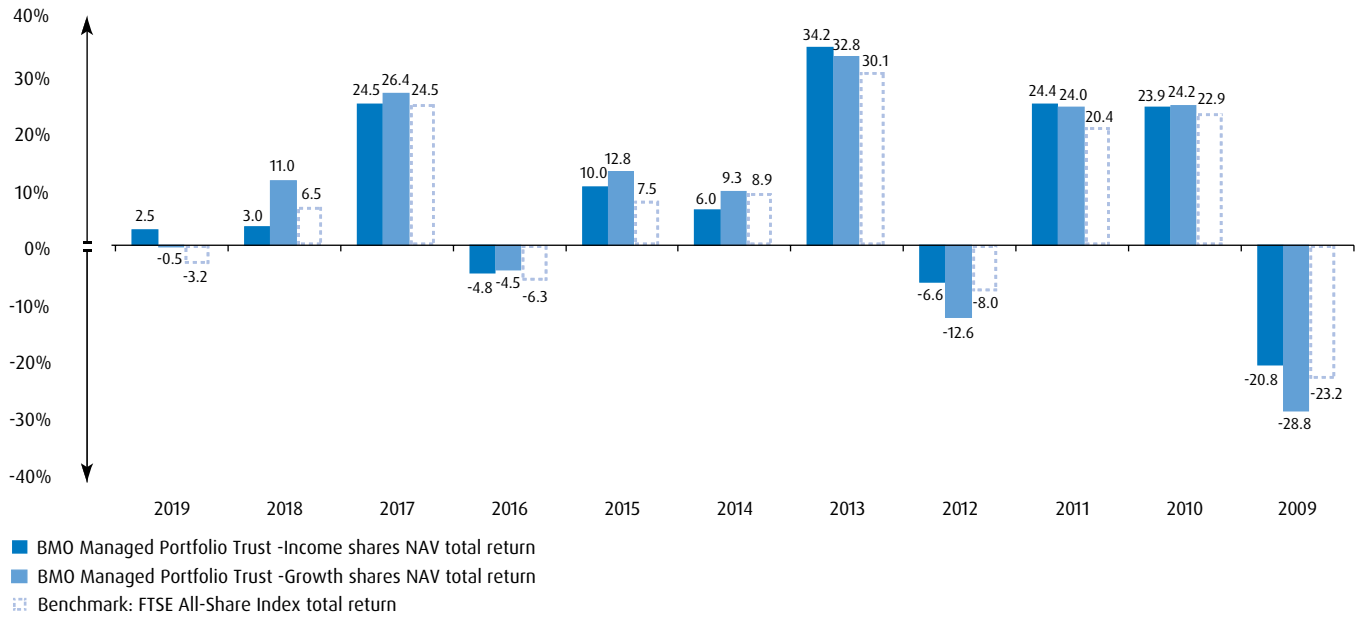
	Highs 2019	Lows 2019
Year's Highs/Lows		
Net asset value per share	216.6p	186.3p
Growth share price	219.0p	189.5p
Premium/-discount ⁽²⁾	+4.7%	-3.2%

⁽¹⁾ Total return, premium and ongoing charges – see Alternative Performance Measures on pages 89 and 90.

⁽²⁾ Premium/-discount high – widest premium/narrowest discount in year. Premium/-discount low – narrowest premium/widest discount in year.
Sources: BMO GAM and Datastream

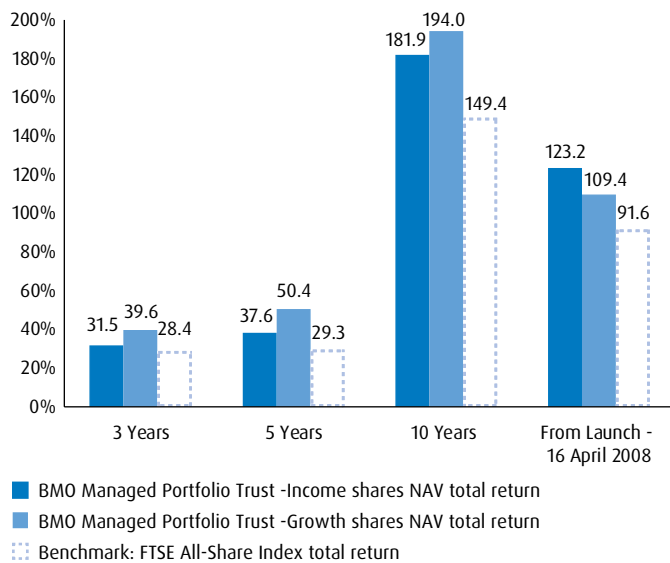
Long-term summary

Discrete Performance for the Financial Years to 31 May



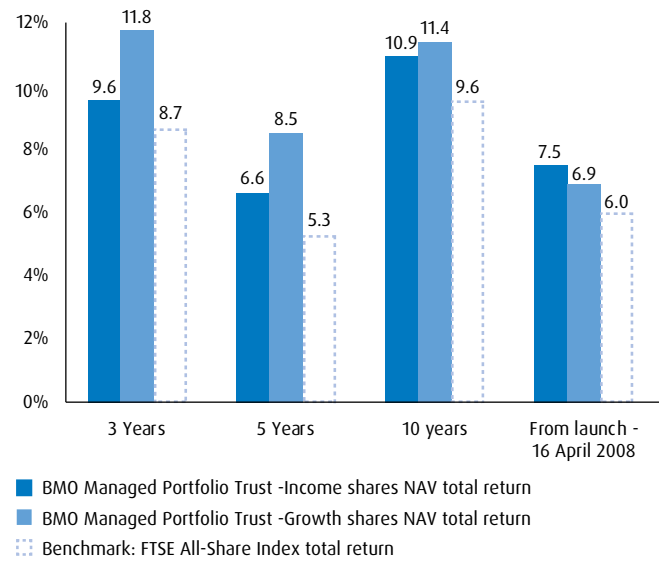
Sources: BMO GAM and Datastream

Cumulative Performance to 31 May 2019



Sources: BMO GAM and Datastream

Compound Annual Returns to 31 May 2019



Strategic Report

This Strategic Report which includes pages 7 to 27 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement



- Net asset value total return for the financial year for both the Income shares and Growth shares outperformed the benchmark index
- Dividend yield on the Income shares of 4.4% at 31 May 2019
- Eighth consecutive year of dividend increases

Colin McGill Chairman

Performance

For the Company's financial year to 31 May 2019 the NAV total return (adding dividends paid to capital performance) was 2.5% for the Income shares and -0.5% for the Growth shares, both of which outperformed the -3.2% total return for the FTSE All-Share Index, the benchmark index for both share classes.

For most equity markets the first six months of the year proved challenging due to the US Federal Reserve policy of increasing interest rates in response to a strong US economy. The FTSE All-Share Index was also affected and declined by 7.7% over this period. However, amid signs of a slowing US and global economy, the Federal Reserve paused this policy just before Christmas. Equity markets responded positively to this change and rallied strongly. Over the second six months of the financial year the FTSE All-Share rose by 4.9%. Despite this the Index ended the twelve months under review slightly lower.

The disparity of performance between the Growth and Income Portfolios which was evident in the last financial year narrowed markedly with the more defensive nature of many of the holdings in the Income Portfolio allowing it to fare better in the more difficult market conditions.

The principal contributors to the performance are identified in the Investment Manager's Review, which also includes additional information on the two investment portfolios.

Our longer-term performance is strong and is illustrated graphically on page 6. Both share classes have also outperformed the benchmark over three years, five years, ten years and from launch to 31 May 2019.

Revenue and dividends

For the year ended 31 May 2019, four interim dividends have now been paid, totalling 5.95p per Income share (5.7p per Income share for the previous year, excluding the special dividend of 0.8p per Income share). The fourth interim dividend was paid after the year end on 12 July 2019.

We have been able to increase the annual dividend by 4.4%, while still adding to the revenue reserve, which is now equivalent to approximately 66% of the annual dividend cost, an important buffer for the dividend in challenging times. This is the eighth consecutive year of increase, in line with our objective. As a result, the yield on the Income shares was 4.4% on the year-end share price, compared with 4.3% for the FTSE All-Share Index.

Borrowing

The Board is responsible for the Company's gearing strategy and sets parameters within which the Investment Manager operates. Borrowings are not normally expected to exceed 20% of the total assets of the relevant Portfolio; in practice they have been modest and primarily used to enhance income in the Income Portfolio by investing in higher yielding alternative funds. At the time of writing, borrowings total £5.0 million (8.4% of net assets) in the Income Portfolio and zero in the Growth Portfolio.

Management of share premium and discount to NAV

In normal circumstances we aim to maintain the discount to NAV at which our shares trade at not more than 5%. In practice over the years the shares have generally traded close to NAV. During the year to 31 May 2019 we have been able to maintain an average premium of 0.9% for the Income shares and 0.7% for the Growth shares.

We are active in issuing shares to meet demand and equally buying back when this is appropriate. During the financial year 850,000 new Income shares and 350,000 new Growth shares were issued from the Company's block listing facilities at an average premium to NAV of 1.5%. In addition, 75,000 Growth shares were bought back for treasury at a discount to NAV of 3.6% and subsequently resold from treasury at an average premium to NAV of 1.4%.

The Board believes that the ability to issue and buy back shares is in the interests of all shareholders as it reduces the volatility in the premium or discount of the share prices to the NAVs and is seeking shareholders' approval to renew the powers to allot shares, buy back shares and sell shares from treasury at the Annual General Meeting ('AGM').

Share conversion facility

Shareholders have the opportunity to convert their Income shares into Growth shares or their Growth shares into Income shares annually subject to minimum and maximum conversion thresholds which may be reduced or increased at the discretion of the Board.

Following shareholder approval at the AGM in September 2018, the Company's Articles of Association ("Articles") were amended to enhance the operation of the conversion facility as the Board was keen to ensure it could operate whenever possible and when there was meaningful demand. At the end of October 2018, the conversion proceeded for the first time since launch, for those shareholders who had elected to do so. The ability to convert without incurring capital gains tax should be an attractive facility for shareholders who wish to do so and the next conversion date (subject to minimum and maximum thresholds) will be on 31 October 2019. Information is provided on pages 85 and 86 and full details will also be provided on the Company's website (www.bmomanagedportfolio.com) from 1 August 2019.

Continuation vote

Under the terms of the Company's Articles, at the AGM in September 2018 (being the tenth AGM of the Company), the Company was required to propose an ordinary resolution to the effect that the Company should continue as an investment trust. The Board was pleased that shareholders voted overwhelmingly to approve this resolution. The requirement to put such a resolution to shareholders will next occur at the Company's AGM in 2023 and, if that is passed, at every fifth AGM thereafter.

Name change

On 9 November 2018, it was announced that it had been decided to change the Company's name to BMO Managed Portfolio Trust PLC. The Company's Manager, F&C Investment Business Limited, became part of the BMO Financial Group in 2014 and changed its name to BMO Investment Business Limited on 31 October 2018. BMO was founded over 200 years ago as Bank of Montreal and is now the eighth largest bank by assets in North America. As part of its development plans, BMO decided to rebrand F&C's savings plans to the BMO prefix. Many of the Company's shareholders invest through these savings plans and with the F&C brand changing your Board therefore resolved that continuing to align with the brand of its Manager, as well as the savings plans, avoids unnecessary confusion and ensures the Company maximises the benefits resulting from broader investment by BMO in its brand. The investment policy and process remain unchanged with Peter Hewitt as Investment Manager.

Board changes

On 31 December 2018 the Chairman Richard Martin retired from the Board and I was pleased to accept the Board's invitation to become Chairman. I would like to thank Richard for his outstanding contribution and commitment to the Company since its launch.

Having appointed Sue Inglis as a non-executive director in July 2018 the Board was also pleased to appoint David Warnock as a non-executive director with effect from 1 January 2019. We believe that his investment experience and extensive knowledge of the industry will add considerable value to the Board. David's biographical details are set out on page 28, and his election will be proposed to shareholders for approval at the forthcoming AGM on 23 September 2019. Sue's appointment was approved by shareholders at the September 2018 AGM.

Myself, Alistair Stewart and David Harris were appointed at the launch of the Company and so have all now served for over eleven years. The appointment of Sue and David is part of a longer term plan to enable a 'refreshment' of the Board while ensuring continuity of knowledge and culture of the Company and further changes will be made over the next three years.

AGM

The AGM will be held at 12.30pm on Monday 23 September 2019 in the offices of BMO Global Asset Management, Exchange House, Primrose Street, London. It will be followed by a presentation from our Investment Manager, Peter Hewitt. This is a good opportunity for shareholders to meet the Board and Investment Manager and I would encourage you to attend.

Outlook

Uncertainty accompanied by sharp bouts of volatility will continue to be features for global financial markets over the coming year. Although on a medium term view the risks of a possible recession have risen, the next twelve months appear more likely to experience slowing but still positive growth underpinned by low levels of unemployment and decent real growth in consumer incomes. Corporate profits and dividend growth should also move ahead albeit at lower levels. With inflation subdued and interest rates likely to move lower in the US and remain at very low levels elsewhere there is scope for equity markets to achieve modest positive returns.

We have considered the impact of Brexit for the Company and regardless of how, or if, Brexit finally materialises we do not consider that it will have a significant impact on the operations of the Company. BMO Managed Portfolio Trust has adopted a cautious investment approach with an emphasis for both Portfolios on selecting high quality holdings managed by proven and experienced investment managers in the belief that this should serve shareholders' interests best in a particularly challenging investment environment.

Colin S McGill
Chairman
29 July 2019

Strategy and Business Model

The Company has two classes of shares with two separate investment portfolios – the Income shares where the investment focus is to provide an attractive level of income, together with some capital growth; and the Growth shares, where the investment focus is to achieve capital growth.

The Company's shares provide investors with access to a broad spread of investment companies, covering a variety of geographies, sectors and investment managers, with the objective of providing both income and growth, while spreading investment risk.

Business Model

BMO Managed Portfolio Trust PLC is a closed-end listed investment company and carries on business as an investment trust.

The Company's Board of non-executive Directors is responsible for the overall stewardship and governance of the Company. The Board consists of four male Directors and one female Director and their biographical details can be found on page 28. The Company has no executive Directors or employees.

The Directors believe that the optimum basis for meeting their duty under section 172 of the Companies Act 2006 in promoting the success of the Company and achieving its investment objective for the benefit of stakeholders is to work closely with its appointed investment management company. The Board has contractually delegated the management of the investment portfolios, and other services, to BMO Investment Business Limited (the '**Manager**'). The Manager is part of BMO Global Asset Management ('**BMO GAM**') and is a subsidiary of BMO Asset Management (Holdings) PLC, which is ultimately owned by the Bank of Montreal ('**BMO**').

Within policies set and overseen by the Directors, the Manager has been given overall responsibility for the management of the Company's assets, gearing, stock selection and risk. Engagement on environmental, social and governance ('**ESG**') matters are undertaken by BMO GAM.

As a listed closed-end investment company the Company is not constrained by asset sales to meet redemptions and is well suited to investors seeking longer term returns. The share capital structure provides the flexibility to take a long-term view and to remain invested while taking advantage of illiquidity throughout normal and volatile market conditions. Having the ability to borrow to invest is a significant advantage over a number of other investment fund structures.

The Board remains responsible for decisions over corporate strategy; corporate governance; risk management and control assessment; setting policies as detailed on pages 12 and 13; setting limits on gearing and monitoring investment performance.

The Manager

A summary of the investment management agreement is contained in note 4 to the financial statements. The Manager also acts as the AIFM under the Alternative Investment Fund Managers Directive ('**AIFMD**').

Peter Hewitt acts as Investment Manager (the '**Investment Manager**') to the Company, on behalf of BMO GAM. Peter has managed the Company's assets (which were previously held in the F&C investment trust managed portfolio service) since 2002. He has over 35 years' investment experience and specialises in investment companies.

Manager Evaluation

Investment performance is fundamental to delivering the investment objective for shareholders and an important responsibility of the Directors is the annual evaluation and appointment of the Manager. The outcome of the evaluation in the current year is set out on page 32.

Investment Strategy and Policy

The Company's investment policy is set out on page 12.

Any material change in the Company's investment policy will require the approval of shareholders at a general meeting.

Our Approach

The investments of BMO Managed Portfolio Trust PLC are managed in two separate Portfolios, the Income Portfolio and the Growth Portfolio, to which the Income shares and the Growth shares are respectively entitled.

The Company invests principally in listed closed-end investment companies and the majority of its holdings comprise equity investments. There is no restriction on the geographic regions and sectors that may be held within the Income Portfolio or Growth Portfolio and the Company invests in those deemed most appropriate for the portfolios and their objectives from time to time. Most of the Manager's research effort is devoted to identifying fund managers who are likely to outperform. An analysis of the Income Portfolio and the Growth Portfolio is contained in the Investment Manager's Review and a full list of their investments can be found on pages 24 to 27.

Investment risks are spread through holding a wide range of investment companies that have underlying investment exposures across a range of geographic regions and sectors. As at 31 May 2019, 39 investments were held in the Income Portfolio and 43 in the Growth Portfolio.

Environmental, Social and Governance Impact

The Company's ESG policies, as set out on page 14, are aligned towards the delivery of sustainable investment performance over the longer term.

The Company has no employees or premises and the Board is composed entirely of non-executive Directors. As an investment trust, the Company has no significant direct social, human rights, community or environmental responsibilities.

The Company's indirect impact occurs through the investments in which it invests and seeks to positively influence this through BMO GAM's Responsible Ownership policy.

Information on where to find the statement of compliance with The UK Stewardship Code can be found on page 36.

Shareholder Communication and Marketing

BMO GAM continues to promote investment in the Company's shares, which are suitable for retail distribution in the UK as well as professionally advised private clients and institutional investors. The Board works closely with BMO GAM to ensure optimal delivery of the Company's investment proposition through all available channels.

The Manager offers a range of private investor savings schemes which are a convenient and flexible way to invest in the Company, details of which can be found in the 'How to Invest' section of this report on page 87. In addition, meetings are held regularly with current and prospective shareholders and analysts covering the investment companies sector.

Principal Risks and Uncertainties

The Company's Principal Risks and Uncertainties that could threaten its objective, strategy and performance are set out in detail on pages 16 and 17 and how the Board manages such risks.

The performance of the Manager is monitored and at each Board meeting the Board receives a presentation from the Investment Manager which includes a review of investment performance, recent portfolio activity and market outlook. It also considers compliance with the investment policy and investment restrictions during the reporting period.

In addition, functions such as administration, secretarial and accounting are also carried out by the Manager. The Directors also review the services provided by other suppliers, such as the Depositary and Custodian in their duties of safeguarding the Company's assets.

Review of Performance and Outlook

The key policies applied in running the Company are set out on pages 12 and 13 and the Company's performance in meeting its objectives is measured against key performance indicators ('KPIs') as set out on page 15.

The Chairman's Statement and Investment Manager's Review within this Report provide a review of the Company's returns, the investment portfolios and market conditions during the year and the outlook for the coming year, both of which form part of this Strategic Report.

The Strategic Report, contained on pages 7 to 27, has been approved by the Board of Directors.

By order of the Board
For BMO Investment Business Limited
Company Secretary
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
29 July 2019

Policy Summary

Investment Policy

The Company's investment objective is to provide an attractive level of income with the potential for income and capital growth to **Income** shareholders, and to provide capital growth for **Growth** shareholders in each case through investing principally in a diversified portfolio of investment companies.

The **Income** Portfolio invests in a diversified portfolio of at least 25 investment companies that have underlying investment exposures across a range of geographic regions and sectors and that focus on offering an income yield above the yield of the FTSE All-Share Index.

The **Growth** Portfolio invests in a diversified portfolio of at least 25 investment companies that have underlying investment exposures across a range of geographic regions and sectors and that the focus of which will be to maximise total returns, principally through capital growth.

The Company invests principally in closed-end investment companies, wherever incorporated, which are listed on the Official List of the UK Listing Authority. The majority of the Company's holdings comprise equity investments although it is permitted to invest in other securities issued by investment companies.

The Company is permitted to invest in other closed-end investment companies, wherever incorporated, whose shares are traded on AIM or a Regulated Exchange (other than the London Stock Exchange's Main Market) up to a maximum of 25% of the total assets of the relevant Portfolio.

In accordance with the Listing Rules of the UK Listing Authority, the Company will not invest more than 10% in aggregate of its total assets in other UK listed investment companies that themselves may invest more than 15% of their total assets in other UK listed investment companies.

There are no maximum levels set for underlying exposures to geographic regions or sectors.

No investment in either Portfolio may exceed 15% of the relevant Portfolio's total assets at the time of the latest purchase.

The Manager may invest the assets of the Company in other investment companies managed by the Manager or another member of the BMO Group, provided that such investments in the Income or Growth Portfolios shall not exceed 20% of the total assets of the relevant Portfolio at the time of investment.

There are no defined limits on securities and accordingly the Company may invest up to 100% of total assets in any particular type of security.

The Company may use derivatives, principally for the purpose of efficient portfolio management, including protecting the Portfolios against market falls.

The Company may use gearing in either Portfolio. Borrowings are not normally expected to exceed 20% of the total assets of the relevant Portfolio. Under the Company's Articles of Association, the maximum borrowing limit is 50% of the total assets of the relevant Portfolio.

Gearing Policy

As explained in the Investment Policy, the Company has the flexibility to borrow.

The Board receives recommendations on gearing levels from the Manager and it is responsible for setting the gearing range within which the Manager may operate.

The Company has a £5 million unsecured fixed rate term loan to 10 February 2022 with The Royal Bank of Scotland International Limited. This loan is described in more detail in the notes to the financial statements.

Dividend Policy

Within the Company's investment objective is the aim to provide an attractive level of income for income shareholders.

In determining dividend payments, the Board takes account of income forecasts, brought forward revenue reserves, the Company's dividend payment record, the yield of the FTSE All-Share Index and the corporation tax rules governing investment trust status. Dividends can also be paid from capital reserves although the Board has no current need or intention to do so. Risks to the dividend policy have been considered as part of the Principal Risks and Uncertainties and Viability Review on pages 16 to 18 and include financial risks leading to a deterioration in the level of income received by the Company, or a significant change to the Company's regulatory environment.

Dividends are currently paid quarterly in October, January, April and July.

Share Issuance and Buy-back Strategy

Share issuance and buy-backs help reduce the volatility of the share price premium or discount to net asset value per share and enhance the net asset value per share for continuing shareholders.

In normal circumstances, the Board aims to maintain the discount to NAV at which the Company's shares trade at not more than 5%. In practice over the years the shares have generally traded close to NAV. Shares will not be bought back at a premium to net asset value. Shares which are bought back by the Company may be cancelled or may be held in treasury. Shares held in treasury may be resold at a premium to net asset value. For further details see the 'Treasury Shares' section on page 34.

Taxation Policy

The Board is fully committed to complying with applicable legislation and statutory guidelines, including the UK's Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. The policy is based upon a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

The Company complies at all times with Section 1158 of the Corporation Tax Act 2010 ('**Section 1158**') such that it does not suffer UK corporation tax on capital gains; and ensures that it submits correct taxation returns annually to HMRC and settles promptly any taxation due.

Sustainability and Environmental, Social and Governance ('ESG') Policies

In setting the Company's ESG policies, the Board has considered the requirements of Section 172 of the Companies Act 2006 in promoting the success of the Company for the benefit of stakeholders.

Sustainability approach

The Board is committed to taking a responsible approach to ESG matters and the Company's Manager applies the highest standards of ESG practice in managing the Company's investments on behalf of our shareholders.

BMO GAM has a Responsible Investment team made up of 16 ESG specialists. The Responsible Investment team supports other investment teams in active ownership (engagement and voting), ESG integration, supporting ESG specialist funds and services and in ESG thought leadership.

We support BMO GAM in its belief that good governance and sustainability practices creates value. BMO GAM aims to systematically incorporate environmental, social and governance factors into its investment processes. This is based on the view that companies with strong management focus on these areas have the potential to reduce risks facing their business and deliver sustainable performance over the longer term. Investee boards are expected to disclose to shareholders that they are applying appropriate oversight, on material issues such as labour standards, environmental management and tax policies.

We believe that engaging with companies is best in the first instance rather than simply divesting or excluding investment opportunities. Engagement with companies on significant ESG matters, so as to reduce risk, improve performance, encourage best practice and underpin long-term investor value forms an important part of BMO GAM's approach towards responsible investment.

Engagement

In the year ended 31 May 2019, BMO GAM engaged with six of the investee companies held by the Company on corporate governance matters an example of which is set out below. In addition, a satisfactory outcome was also achieved with respect to four other investee companies with which BMO GAM had engaged in a previous period.

Voting

We expect our shares to be voted on all holdings where possible. In the absence of explicit instructions from the Board, BMO GAM is empowered to exercise discretion in the use of the Company's voting rights and are voted in accordance with BMO GAM's own Corporate Governance Guidelines, with oversight from the Responsible Investment team.

With respect to the Company's investments, in the year to 31 May 2019, BMO GAM voted at all of the 93 company meetings which were held. Overall 98.5% of votes were with management, 1% of votes were against management and 0.5% of votes were abstained.

Board diversity

The Board is composed solely of non-executive Directors and has 20% female representation. The Board's approach to the appointment of non-executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender. The Board complies with the UK Corporate Governance Code in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. The Board will always appoint the best person for the job and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Example engagement in practice		
Company	Topic	Engagement
Henderson European Focus Trust	Corporate Governance – Board effectiveness	BMO GAM applies its voting policies to all client portfolios and this includes where investments are made in other external investment companies or funds. We hold the board of an investment company accountable for its performance in the same way we would a trading company and consider the composition of the board is of the utmost importance. We have engaged Henderson European Focus Trust over the past few years regarding refreshment plans that would involve the succession of its long-serving directors and have seen significant progress in this area. As part of the engagement process, we met the board chairman on more than one occasion to highlight areas of focus we would like to see addressed.

Key Performance Indicators

The Board recognises that longer term share price performance and an attractive level of income (for Income shareholders) are most important to the Company's investors. Share price performance is driven largely by the performance of the net asset value. The overriding priority is to continue to strive for consistent achievement of relative outperformance and to add value for shareholders through net asset value and share price return, discount/premium management, dividend growth and competitive ongoing charges.

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators (also referred to as Alternative Performance Measures), are set out below:

Additional comments are provided in the Chairman's Statement and Investment Manager's Review discussing the performance of the Company during the current year.

Total return ⁽¹⁾ performance to 31 May 2019						
	1 Year %	3 Years %	5 Years %	10 Years %	Since launch ⁽²⁾	
Income shares NAV total return	2.5	31.5	37.6	181.9	123.2	This measures the Company's NAV total return, which assumes dividends paid by the Company have been reinvested, relative to the benchmark.
Growth shares NAV total return	-0.5	39.6	50.4	194.0	109.4	
Benchmark total return ⁽³⁾	-3.2	28.4	29.3	149.4	91.6	

Dividend level of the Income Shares						
Financial year to 31 May	2019	2018	2017	2016	2015	
Annual dividend	5.95p	5.7p ⁽⁴⁾	5.45p	5.20p	5.00p	This shows the dividend yield of the Income shares at the year-end relative to the benchmark.
Dividend yield ⁽¹⁾	4.4%	4.1%	3.9%	4.6%	3.9%	
Yield on FTSE All-Share index	4.3%	3.6%	3.5%	3.8%	3.3%	

Average + premium/ - discount ⁽¹⁾ to NAV				
During the financial year to 31 May		Income shares %	Growth shares %	
2019		+0.9	+0.7	This is the difference between the share price and the NAV per share.
2018		+1.6	+1.1	
2017		+0.1	-0.4	

Ongoing charges ⁽¹⁾ (as a percentage of the average net asset value)						
As at 31 May	Income shares (including performance fee) %	Income shares (excluding performance fee) %	Growth shares (including performance fee) %	Growth shares (excluding performance fee) %		
2019	1.21	1.08	1.36	1.01	This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of average net assets.	
2018	1.07	1.07	1.40	1.02		
2017	1.12	1.12	1.15	1.08		

⁽¹⁾ See Alternative Performance Measures on pages 89 and 90

⁽²⁾ Launched on 16 April 2008

⁽³⁾ Benchmark: FTSE All-Share Index

⁽⁴⁾ Excluding special dividend of 0.8p per Income share.

Principal Risks and Uncertainties and Viability Statement



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



A summary of the Company's internal controls and risk management arrangements is included within the Report of the Audit Committee on pages 37 and 38. By means of the procedures set out in that summary, and in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, issued by the Financial Reporting Council, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. These significant risks, emerging risks, and other risks including Brexit, are regularly reviewed by the Audit Committee and the Board. They have also regularly reviewed the effectiveness of the Company's risk management and internal control systems for the period.

Whilst there are ongoing uncertainties regarding Brexit, the Board does not consider that any related outcome will have a significant impact on the operations of the Company.

The principal risks and uncertainties faced by the Company, and the Board's mitigation approach, are described below.

Notes 17 to 22 to the financial statements provide detailed explanations of the risks associated with the Company's financial instruments and their management.

Principal Risks and Uncertainties	Mitigation
<p>Market Risk</p> <p>The Company's assets consist mainly of listed closed-ended investment companies and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk.</p> <p> No change in overall risk</p>	<p>The Board regularly considers the composition and diversification of the Income Portfolio and the Growth Portfolio and considers individual stock performance together with purchases and sales of investments. Investments and markets are discussed with the Investment Manager on a regular basis.</p> <p>An explanation of these risks and the way in which they are managed are contained in notes 17 to 22 to the financial statements.</p>
<p>Investment Risk</p> <p>Incorrect strategy, asset allocation, stock selection, inappropriate capital structure, insufficient monitoring of costs, failure to maintain an appropriate level of discount/premium and the use of gearing could all lead to poor returns for shareholders including impacting the capacity to pay dividends.</p> <p> No change in overall risk</p>	<p>The investment strategy and performance against peers and the benchmark are considered by the Board at each meeting and reviewed with the Investment Manager. The Board is responsible for setting the gearing range within which the Manager may operate and gearing is discussed at every meeting and related covenant limits are closely monitored.</p> <p>The Income Portfolio and Growth Portfolio are diversified and comprise listed closed-end investment companies and their composition are reviewed regularly by the Board.</p> <p>BMO GAM's Investment Risk team provide oversight on investment risk management.</p> <p>The Board regularly considers ongoing charges and a discount/premium management policy has operated since the launch of the Company. Underlying dividends from investee companies and the dividend paying capacity of the Company are closely monitored.</p>

Principal Risks and Uncertainties	Mitigation
<p>Custody Risk Safe custody of the Company's assets may be compromised through control failures by the Custodian.</p> <p> No change in overall risk</p>	<p>The Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets and cash and holdings are reconciled to the Custodian's records. The Custodian's internal controls reports are also reviewed by the Manager and key points reported to the Audit Committee. The Board also receives periodic updates from the Custodian on its own cyber-security controls.</p> <p>The Depositary is specifically liable for loss of any of the Company's securities and cash held in custody.</p>
<p>Operational Risk Failure of BMO GAM as the Company's main service provider or disruption to its business, or that of an outsourced or third party service provider, could lead to an inability to provide accurate reporting and monitoring, leading to a potential breach of the Company's investment mandate or loss of shareholders' confidence.</p> <p>External cyber attacks could cause such failure or could lead to the loss or sabotage of data.</p> <p> No change in overall risk but cyber risks remain heightened</p>	<p>The Board meets regularly with the management of BMO GAM and its Business Risk team to review internal control and risk reports. This includes oversight of third party service providers. The Manager's appointment is reviewed annually and the contract can be terminated with six months' notice. BMO GAM has a business continuity plan in place to ensure that it is able to respond quickly and effectively to an unplanned event that could affect the continuity of its business.</p> <p>The Manager continues to benefit from the long-term financial strength and policies of its parent company, Bank of Montreal.</p> <p>BMO GAM has outsourced trade processing, valuation and middle office tasks and systems to State Street Bank and Trust Company ('State Street') and supervision of such third party service providers, including DST Financial Services who administer the BMO savings plans, has been maintained by BMO GAM. This includes the review of IT security and heightened cyber threats.</p>

Viability Assessment and Statement

In accordance with the UK Corporate Governance Code, the Board is required to assess the future prospects for the Company and has considered that a number of characteristics of the Company's business model and strategy were relevant to this assessment:

- The Company's investment objective and policy, which are subject to regular Board monitoring, means that the Company is invested principally in two diversified portfolios of listed closed-end investment companies and the level of borrowing is restricted.
- These investments are principally in listed securities which are traded in the UK or another Regulated Exchange and which are expected to be readily realisable.
- The Company is a listed closed-end investment company, whose shares are not subject to redemptions by shareholders.
- Subject to shareholder continuation votes, the next of which will be at the AGM in 2023 and five yearly thereafter, the Company's business model and strategy is not time limited.

Also relevant were a number of aspects of the Company's operational arrangements:

- The Company retains title to all assets held by the Custodian under the terms of a formal agreement with the Custodian and Depositary.
- The fixed term borrowing facility, which remains available until February 2022, is subject to a formal agreement, including financial covenants with which the Company complied in full during the year.

In considering the viability of the Company, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's objective and strategy, future performance and solvency, including the impact of a significant fall in equity markets on the Company's investment portfolios. These risks, their mitigations and the processes for monitoring them are set out on page 16 and 17 on Principal Risks and Uncertainties, on page 37 and 38 in the Report of the Audit Committee and in Notes 17 to 22 to the financial statements.

The Directors have also considered:

- The level of ongoing charges incurred by the Company which are modest and predictable and (at 31 May 2019) excluding the performance fee, total 1.08% and 1.01% of average net assets for the Income shares and Growth shares respectively.
- Future revenue and expenditure projections.
- Its ability to meet liquidity requirements given the Company's investment portfolios consist principally of listed investment companies which can be realised if required.
- The ability to undertake share buybacks if required.
- Whether the Company's objective and policy continue to be relevant to investors.
- The Company has no employees, with only non-executive Directors and consequently does not have redundancy or other employment-related liabilities or responsibilities.
- The uncertainties regarding Brexit and the UK's related negotiations to leave the EU.

These matters were assessed over a three year period to July 2022, and the Board will continue to assess viability over three year rolling periods, taking account of severe but plausible scenarios. A rolling three year period represents the horizon over which the Directors believe they can form a reasonable expectation of the Company's prospects, although they do have due regard to viability over the longer term.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to July 2022.

Investment Manager's Review



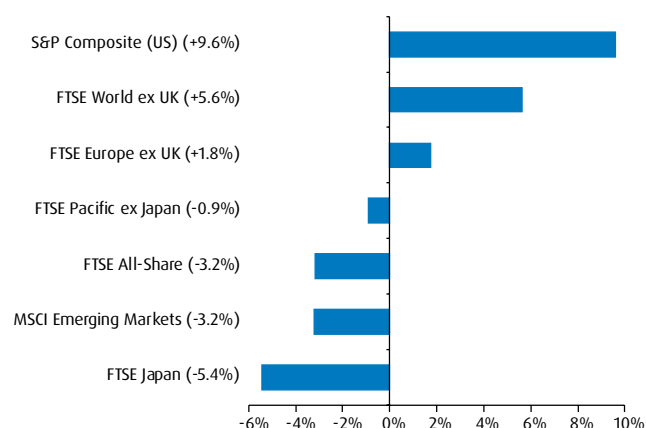
Peter Hewitt, Investment Manager

Stockmarket Background

The past twelve months could be described as “a year of two halves” in terms of the fortunes of most major equity markets. The first part of the financial year was characterised by robust economic growth, particularly in the US as the tax cuts enacted at the start of 2018 took effect. This encouraged the Federal Reserve to continue its policy of steadily increasing interest rates. Most financial markets gave up ground over this period and as an illustration the FTSE All-Share Index declined 7.7% (in total return terms) over the six months to 30 November 2018. Then toward the end of the calendar year signs of a slowdown became evident across most regions of the global economy and quite unexpectedly at its meeting just prior to Christmas the Federal Reserve paused the policy of “normalisation” of interest rates. As the New Year unfolded it became clear that the peak of the interest rate cycle had already been reached. Equity markets responded positively to this change of policy.

Although investors remained concerned as to the prospects for growth, equity markets experienced a sharp recovery. Conversely in the second half of the Company’s financial year the FTSE All-Share Index rose by 4.9%.

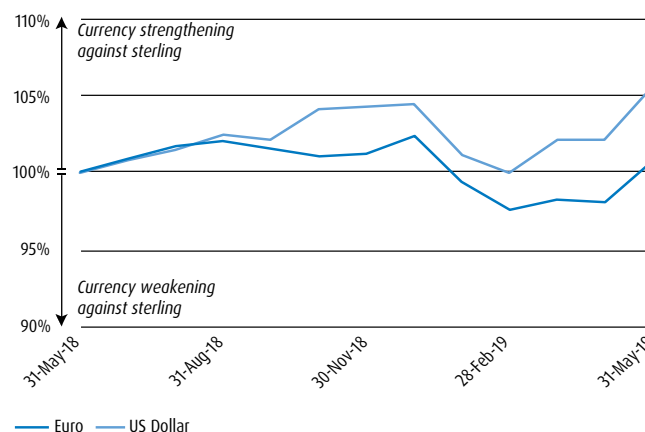
Total Return by Region/Market for the Year to 31 May 2019 (sterling)



As can be seen from the preceding table most markets declined over the year with the exception of Europe which managed a very modest gain and the US which once again led global market returns with a 9.6% gain from the S&P Composite Index (sterling adjusted total return). Although the rate of growth in US corporate profits steadily slowed over the financial year it was from high levels, was well in advance of most other regions and was a key factor in the US market’s positive returns. The escalating trade tensions between the US and China which resulted in tariffs being applied to a wide variety of Chinese goods imported into the US affected equity markets throughout the Asia Pacific region, including many Emerging Markets and Japan. Returns were depressed on fears that trade wars between the world’s two largest economies would particularly impact companies in these regions.

The other important factor behind returns for a UK based investor was the level of sterling. For most of the period under review sterling was a volatile currency on foreign exchange markets. The machinations of the seemingly endless process of Brexit in the UK parliament were reflected directly on the value of the currency where sterling could be viewed as an instant barometer of progress or the lack of. Latterly in the final three months of the financial year, as the Brexit process appeared to reach stalemate, sterling experienced marked weakness against both the US dollar and the Euro. The chart below illustrates this trend.

Currency Movements against Sterling in year to 31 May 2019 (US\$ and Euro)



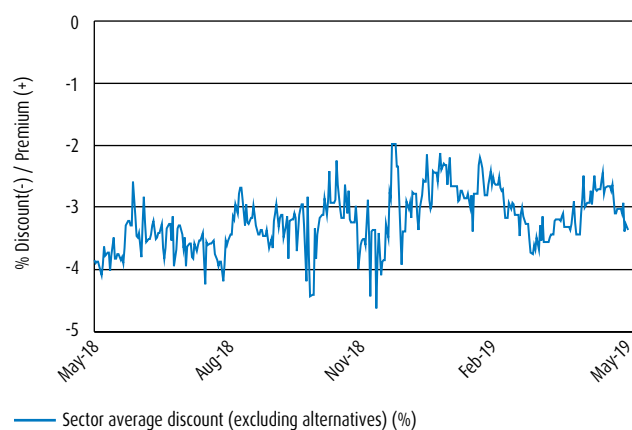
Performance

For the year to 31 May 2019 the FTSE All-Share Index fell by 3.2% (in total return terms). Over the same period the NAV of the Growth Portfolio was 0.5% lower whilst that of the Income Portfolio was ahead by 2.5% (again both in total return terms). This represents the seventh consecutive financial year that the Growth Portfolio has been ahead of the FTSE All-Share Index. For the Income Portfolio, in the eleven years since the Company's shares were listed on the London Stock Exchange, it has been ahead or in line with benchmark index in nine of these years.

The disparity of performance between the Growth Portfolio and the Income Portfolio which was evident in the financial year to 31 May 2018 narrowed markedly in the financial year to 31 May 2019. In a macro environment which caused most equity markets to move lower in the first half and then recover in the early part of 2019 only to move into sharp retreat in May, the more defensive nature of holdings in the Income Portfolio allowed it to fare better.

The performance of holdings within both Portfolios is examined later in this review however changes in discounts can often be a significant factor behind the performance of investment companies. Perhaps surprisingly, given the overall uncertainty pervading financial markets and the bursts of volatility that have been experienced, discounts have remained in a remarkably tight range. As can be seen from the chart below the average sector discount (excluding alternatives) moved between 3.4% and 4% over the financial year and closed at 3.4%.

Investment Company – Average Sector Discount 1 Year to 31 May 2019



Source: Winterflood Securities

Growth Portfolio – Leaders and Laggards

One of the strong performers in the Growth Portfolio was, rather unexpectedly, **BH Macro**. The company invests in the Brevan Howard Master Fund which is a hedge fund which specialises in taking advantage of movements in interest rates, currency and bond markets. It should be viewed as a defensive holding which holds or even increases its value in a bear phase in equity markets. In the years since the financial crash the asset value has moved sideways due to the extreme low volatility in financial markets which created an adverse environment for macro styled hedge funds. However, in the past year, volatility has begun to increase and the managers have been able to construct trades with attractive pricing and return outcomes. In addition, the fees on the company were reduced and the discount has tightened which has been behind a 18% rise in the share price.

As with last year the technology theme is evident in some of the better performers. **HgCapital Trust** is a good example. It is a private equity trust with a focus on investing in technology enabled service companies operating throughout Europe. A key theme in their portfolio is to invest in companies which offer software services to the small and mid-sized company sector with recurring revenues and a diversified customer base. As an illustration of the growth characteristics of HgCapital Trust the top ten holdings have sales and revenue growth of 25% and 27% respectively over the last year. The trust generated a total return of 18%. **Allianz Technology Trust** featured as one of the best performers last year and has continued with a gain of 11% over the past year. As well as having exposure to certain of the bigger well-known technology companies the managers use their San Francisco base to gain access to and then take holdings in some of the new and emerging technology-based companies in Silicon Valley which possess exciting prospects for growth. **Finsbury Growth & Income Trust** has been a long time holding in the Growth Portfolio and has consistently been one of the best performing UK investment companies. The past year has proved no exception with a share price total return of 12%. The trust has only 22 holdings and very low levels of turnover from one year to the next. A key feature is the enduring exposure to companies that are owners of consumer brands like Unilever, Diageo, Mondelez and Heineken which have a global presence. All have very attractive long-term growth characteristics in terms of earnings and dividends which are consistently under appreciated by financial markets with the result that their share prices have serially outperformed.

Another investment company which has been held in the Portfolio for over 10 years is **Jupiter European Opportunities Trust**. It has been managed throughout this period by Alexander Darwall, who himself is a significant shareholder in the trust. The concentrated portfolio is focussed on medium sized and larger growth companies which happen to be based in Europe but typically have a global presence in terms of revenue. Themes amongst major holdings include digital payments, digital technologies and healthcare. This consistent approach has seen significant long-term share price performance as highlighted by a 7% gain in the past year. It has been recently announced that Alexander Darwall will be leaving Jupiter Asset Management to set up on his own and we will keep the situation under review.

A theme evident among a number of investment companies that have underperformed over the past year has been exposure to UK smaller companies. Over the long run trusts which are either specialists in this sector or have a large exposure have tended to be amongst the better performers however over the past twelve months they have lagged larger companies. **Miton UK MicroCap Trust** as the name suggests invests in companies at the smallest end of the UK listed company universe and has experienced an 18% decline in its share price. The prevailing mood of uncertainty in the UK has meant investors have been very cautious about prospects for the smallest companies, however, the underlying operational performance of many companies in its portfolio has been reasonable such that some very attractive valuations can be found. At some stage that should reflect in better performance. **Diverse Income Trust** which is also a UK investment company has less than a quarter of its portfolio invested in the FTSE100 and over half invested in companies in the FTSE SmallCap Index or the FTSE AIM Index. It has been affected by similar trends (as outlined above) and has lagged in terms of share price total return with a decline of 14%. As with Miton UK MicroCap Trust better relative performance from the UK small company sector would see a revival of the share prices of both trusts.

BlackRock Frontiers Investment Trust has had a disappointing year with a share price total return of -11%. The cause of the performance is less about stocks in the portfolio and more that Frontier Markets have lagged more mainstream Emerging Markets, which themselves were behind the FTSE All-Share Index over the past year. This BlackRock trust is a well-resourced and well-run fund which over the longer term has given a good exposure to Frontier equity markets. Over the long run this area has interesting potential and this trust is well placed to capture performance.

Events at Woodford Investment Management have been well documented in the press and the situation with respect to the holding in **Woodford Patient Capital Trust** is being monitored closely.

(All share prices are total return)

Income Portfolio – Leaders and Laggards

The top performer for the Income Portfolio was **3i Infrastructure** (which was also one of the best performers last year). Over recent years management have shifted the strategy away from large core infrastructure holdings towards more mid-market economic infrastructure. The portfolio comprises around ten companies involved in a variety of sectors e.g. generation of electricity from landfill gas, communication towers and ground support equipment in airports. Realisations and strong portfolio growth along with a 10% increase in the regular dividend underpinned a 32% return in the share price.

In common with 3i Infrastructure four of the five best performing holdings in the Income Portfolio have a similar theme which is they are not directly exposed to listed equities. This defensive focus is well illustrated by the next best performer **The Renewables Infrastructure Group**. The company is 79% exposed to wind, 19% to solar and 2% to battery in terms of its generating capacity and by geography it is 72% UK with the balance in Europe. Most of the future expansion is likely to be either in Europe or in offshore wind. The company has an experienced management team and is sensibly financed through a mix of equity issuance and some gearing. The share price gained 27% over the past year. This was driven by a rising asset value and dividend which rose 2% to yield over 5% at the end of the financial year. The low risk characteristics of the company were recognised by the stock market as the share price moved from a discount to a healthy premium during the year.

Assura is a long-term owner and developer of primary care properties which are leased to General Practitioner (“GP”) Partnerships across the UK, typically for 20-25 years. The GP Partnerships have 100% of their rental payments reimbursed by the NHS and these payments, which account for only 9% of payments to GP’s by the NHS, have been in place since the establishment of the NHS in 1948. The properties are effectively 100% let with an index linked rent which is reviewed every three years. Assura has 6% of the market and grows by a series of small acquisitions or new developments. The company has an experienced management team and is conservatively financed with loan to value gearing of 34%. The company, whose share price rose 19%, has grown its dividend by 9% per annum over the long term and has a dividend yield of 4.3%.

The only equity-based investment company amongst the better performers is **BB Healthcare Trust** with a share price return of 14% last year. The company invests across the healthcare sector in biotech, diagnostics, medical technology, managed care, healthcare IT and speciality pharmaceuticals with most companies based in the US. It has a concentrated list of around 35 holdings and an unconstrained approach which has led to over half the portfolio invested in smaller and medium sized companies. The managers are Bellevue Asset Management who are experienced specialists in the healthcare sector and the company pays a dividend equal to 3.5% of year end net asset value. Prospects are exciting for future growth in this sector.

NB Private Equity Partners experienced a 14% share price return last year. It is a private equity specialist and the portfolio comprises exposure to direct private equity and debt investments mainly in smaller and medium sized companies exclusively in the US. The company makes co-investments alongside the very best private equity managers in the US and has built a record of consistent growth in asset value. It has a dividend yield of 3.9%.

Looking at the laggards **Civitas Social Housing REIT** declined by 14% over the past year. The company is an investor in social housing in the UK specifically the supported housing sector. It does not develop or manage properties. Civitas purchases properties from Housing Associations or Local Authorities which effectively provides them with much needed capital to build new homes. Properties are specially adapted to meet the needs of residents who live in specialist supported housing for many years or in many instances need whole life provision. Leases are typically 10-40 years with rents effectively backed by government through housing benefits. The Government Regulator of Social Housing (the “**Regulator**”) is concerned both about the financial strength of certain Housing Associations and about the long-term inflation linked leases they have entered into. This has caused weakness in the Civitas share price. The company however has experienced no missed rents and has near 100% occupancy due to the shortage of available properties. The management team of Civitas are highly experienced in this sector and working to resolve matters with the Regulator. Meantime the asset value has risen in line with expectations and the company has raised the dividend by 6% and the yield is also over 6%.

Two of the other laggards are invested in UK equities and are either specialists or have meaningful positions in small and medium sized UK companies. These segments of the market have underperformed over the period under review in part due to the uncertainty caused by the Brexit process. **Aberforth Split Level Income Trust** fell by 8% as its value based style was out of favour with investors. Similarly, **Perpetual Income & Growth Investment Trust** also employs a value style of investment with above average exposure to smaller and medium sized UK companies. It has added to exposure to companies with a heavy bias to the domestic UK economy as they appear to be cheap. As with many value based approaches it can often take longer than anticipated for the value to be unlocked. The share price was down 11% last year.

(All share prices are total return)

Investment Strategy and Prospects

Uncertainty continues to characterise prospects for global financial markets. Although Brexit and its eventual outcome has saturation coverage in the media and would affect UK markets in the near term, over the longer run it tends to be the outlook for the fundamentals of the economy and the prospects for corporate profits and dividends that dictate the direction of markets. In a global context the tension that exists between the US and China manifest in widespread tariffs imposed by the US on Chinese imports which clearly has the potential to reduce overall global activity levels, particularly so in the Asia Pacific region. Again, predicting the outcome is difficult, however it is an issue that has the potential to impact financial markets everywhere adversely.

The reason the Federal Reserve paused its policy of “normalising” interest rates and indeed may consider a cut in interest rates later this year is evidence that growth is slowing. Both the US and China are experiencing slowing growth rates whilst in Europe and Japan growth is still positive but at very modest levels. Inflation, despite record low unemployment in the US and UK and a definite pick up in real wage growth, remains stubbornly low across all developed economies. A move to higher levels which would require interest rates to be increased is some way off. Bond markets are very cautious as to prospects with the yield curve in the US close to being inverted which often is viewed as a precursor to recession. That may happen in the medium term and meantime must be watched closely, however the next twelve months seems set for positive growth. Indeed there are indications that the activity levels are stabilising both in the US and Europe.

In terms of corporate profits, growth rates have slowed materially, especially in the US when the substantial cut in business tax rates in 2018 fuelled very strong growth. That said both in the US and Europe they remain positive but lower levels of profits and dividend growth appear likely over the next twelve months against a background of buoyant levels of employment and strong consumer expenditure. Looking to the medium term, the risks of recession have begun to rise which would be exacerbated if the ongoing tensions between China and the US were to worsen.

The above is a moderately positive backdrop for equity markets. Valuations outside the US are below long-term averages whilst in the US the forward P/E ratio of the S&P Composite Index at 16x is about the same as a year ago which is slightly above the long-term average.

This reflects superior corporate earnings growth from US companies over a prolonged period. This better relative earnings performance from US companies when compared to European counterparts is likely to continue. In broad terms the environment remains constructive for moderate progress in equity markets however the risk of further bouts of volatility, similar to that experienced last Autumn, which can be both sharp and uncomfortable for investors has increased. In particular, the sensitivity of investors to the interest rate policy of the Federal Reserve is a key factor in determining the direction of global equity markets. For the UK the uncertainty of Brexit can be added to the mix. Eventually, should that be resolved, there is considerable scope for strong performance from UK equities as valuations are well below long term averages.

In terms of long-term investment strategy the case for exposure to sectors which offer secular growth characteristics remains in place. When inflation is subdued, interest rates low and growth moderate then investment companies focussed on sectors such as technology, healthcare and biotechnology should prosper. That may change in the future but for the current financial year trusts with these attributes are well placed. Examples of these would be **Monks Investment Trust, Allianz Technology Trust, HgCapital Trust, Syncona, Worldwide Healthcare Trust, Polar Capital Technology Trust, Scottish Mortgage Investment Trust and Edinburgh Worldwide Investment Trust**. These trusts are all holdings in the Growth Portfolio. It is harder to include them in the Income Portfolio as these types of holdings either do not pay dividends or have very low dividend yields. However, where certain trusts with these growth characteristics do have a reasonable dividend yield they are included in the Income Portfolio. Examples are **BB Healthcare Trust, BB Biotech, Monks Investment Trust and new holding HBM Healthcare Investments**.

As the chances of recession and a possible bear phase in equity markets have begun to rise it seemed appropriate to introduce a more defensive element to the Growth Portfolio which would be vulnerable to a setback in these circumstances. A small group of "portfolio protectors" have been built up including **BH Macro, RIT Capital Partners, Personal Assets Trust, Capital Gearing Trust and Ruffer Investment Company** which provide a degree of protection in the event of a market pull back. The Income Portfolio has a number of "alternative" investment companies i.e. not invested in equity markets, which have higher dividend yields and which give the Portfolio more defensive characteristics. Though there are risks, which have increased over the last year, on balance prospects for equity market returns remain positive.

Peter Hewitt
Investment Manager
BMO Investment Business Limited
29 July 2019

Income shares –

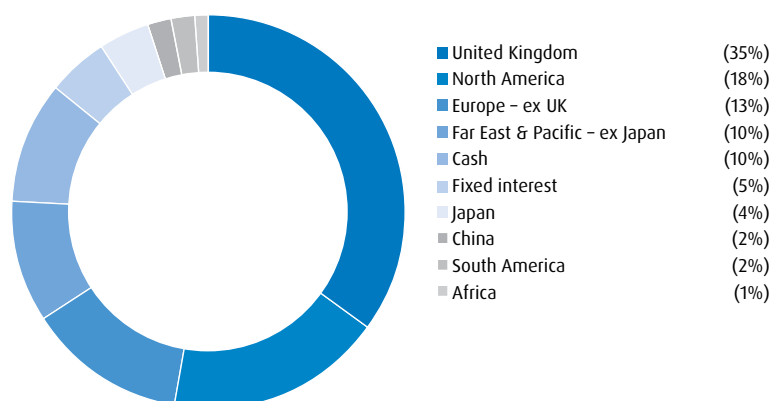
Investment Portfolio

At 31 May 2019			
Investment	Sector	Valuation £'000	% of Net assets of Income Portfolio
Law Debenture Corporation	Global	2,058	3.6%
Secure Income REIT	Property Specialist	2,030	3.5%
BB Healthcare Trust	Biotechnology & Healthcare	2,018	3.5%
BB Biotech	Biotechnology & Healthcare	1,965	3.4%
3i Infrastructure	Infrastructure	1,918	3.3%
NB Private Equity Partners	Private Equity	1,899	3.3%
Invesco Perpetual UK Smaller Companies Investment Trust	UK Smaller Companies	1,875	3.3%
JPMorgan Global Growth & Income	Global Equity Income	1,829	3.2%
Murray International Trust	Global Equity Income	1,821	3.2%
Henderson International Income Trust	Global Equity Income	1,750	3.0%
Ten largest investments		19,163	33.3%
City of London Investment Trust	UK Equity Income	1,734	3.0%
Schroder Oriental Income Fund	Asia Pacific – Exc Japan	1,729	3.0%
Princess Private Equity Holding	Private Equity	1,698	2.9%
Troy Income & Growth Trust	UK Equity Income	1,663	2.9%
CC Japan Income & Growth Trust	Japan	1,662	2.9%
Temple Bar Investment Trust	UK Equity Income	1,658	2.9%
Scottish American Investment Company	Global Equity Income	1,619	2.8%
Monks Investment Trust	Global	1,587	2.8%
Henderson Far East Income	Asia Pacific – Exc Japan	1,575	2.7%
GCP Asset Backed Income Fund	Debt	1,550	2.7%
Twenty largest investments		35,638	61.9%
The Bankers Investment Trust	Global	1,528	2.6%
European Assets Trust†	European Smaller Companies	1,525	2.6%
CQS New City High Yield Fund	UK Equity & Bond Income	1,518	2.6%
Tetragon Financial Management	Flexible Investment	1,473	2.6%
Perpetual Income & Growth Investment Trust	UK Equity Income	1,448	2.5%
Assura	Property Specialist	1,442	2.5%
Hipgnosis Songs Fund	Tech Media & Telecomm	1,442	2.5%
Invesco Perpetual Enhanced Income	Global High Income	1,439	2.5%
HBM Healthcare Investments	Biotechnology & Healthcare	1,428	2.5%
The Renewables Infrastructure Group	Infrastructure – Renewable Energy	1,398	2.4%
Thirty largest investments		50,279	87.2%

At 31 May 2019			
Investment	Sector	Valuation £'000	% of Net assets of Income Portfolio
Lowland Investment Company	UK Equity Income	1,350	2.3%
Majedie Investments	Global	1,323	2.3%
JP Morgan Global Emerging Markets Income Trust	Global Emerging Markets	1,310	2.3%
Henderson High Income Trust	UK Equity & Bond Income	1,301	2.2%
Impact Healthcare REIT	Property Specialist	1,272	2.2%
Jupiter Emerging & Frontier Income Trust	Global Emerging Markets	1,261	2.2%
Civitas Social Housing REIT	Property Specialist	1,240	2.2%
Utilico Emerging Markets Trust	Global Emerging Markets	1,125	2.0%
Aberforth Split Level Income Trust	UK Smaller Companies	860	1.5%
Total investments		61,321	106.4%
Net current assets		1,307	2.3%
Borrowing		(5,000)	(8.7%)
Net assets		57,628	100.0%

† Investment managed by the Manager, BMO GAM

Analysis of the investment areas of the Income Portfolio's investments on a 'look-through' basis



Note: This analysis is gross of any gearing in the underlying investee companies. Source: AIC (underlying data at 31 May 2019)

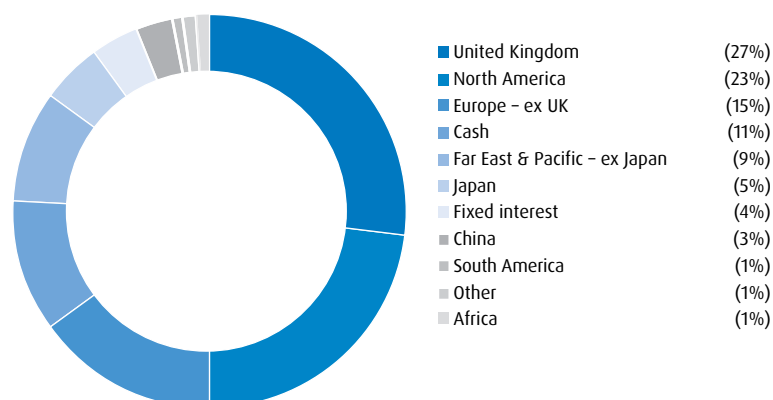
Growth shares – Investment Portfolio

At 31 May 2019			
Investment	Sector	Valuation £'000	% of Net assets of Growth Portfolio
Monks Investment Trust	Global	3,003	4.1%
Allianz Technology Trust	Tech Media & Telecomm	2,493	3.4%
HgCapital Trust	Private Equity	2,142	2.9%
Syncona	Biotechnology & Healthcare	2,127	2.9%
RIT Capital Partners	Flexible Investment	2,105	2.9%
BH Macro	Hedge Funds	2,065	2.8%
Worldwide Healthcare Trust	Biotechnology & Healthcare	2,060	2.8%
Polar Capital Technology Trust	Tech Media & Telecomm	2,058	2.8%
Personal Assets Trust	Flexible Investment	2,052	2.8%
Capital Gearing Trust	Flexible Investment	1,997	2.7%
Ten largest investments		22,102	30.1%
Finsbury Growth & Income Trust	UK Equity Income	1,996	2.7%
Mid Wynd International Investment Trust	Global	1,983	2.7%
Impax Environmental Markets	Environmental	1,924	2.6%
TR Property Investment Trust†	Property Securities	1,876	2.6%
Herald Investment Trust	Small Media, Comms & IT Cos	1,840	2.5%
Jupiter European Opportunities Trust	Europe	1,834	2.5%
Baillie Gifford Japan Trust	Japan	1,795	2.5%
Ruffer Investment Company	Flexible Investment	1,777	2.4%
Scottish Mortgage Investment Trust	Global	1,755	2.4%
ICG Enterprise Trust	Private Equity	1,668	2.3%
Twenty largest investments		40,550	55.3%
Fidelity Special Values	UK All Companies	1,622	2.2%
Woodford Patient Capital Trust	Growth Capital	1,540	2.1%
Henderson Opportunities Trust	UK All Companies	1,494	2.0%
Templeton Emerging Markets Investment Trust	Global Emerging Markets	1,490	2.0%
Edinburgh Worldwide Investment Trust	Global	1,483	2.0%
Schroder Asian Total Return Investment Company	Asia Pacific – Exc Japan	1,380	1.9%
Murray International Trust	Global Equity Income	1,366	1.9%
Fidelity Asian Values	Asia Pacific – Exc Japan	1,360	1.9%
Lowland Investment Company	UK Equity Income	1,350	1.9%
Merian Chrysalis Investment Company	Growth Capital	1,334	1.8%
Thirty largest investments		54,969	75.0%

At 31 May 2019			
Investment	Sector	Valuation £'000	% of Net assets of Growth Portfolio
JPMorgan American Investment Trust	North America	1,308	1.8%
Henderson Smaller Companies Investment Trust	UK Smaller Companies	1,287	1.8%
Diverse Income Trust	UK Equity Income	1,268	1.7%
Biotech Growth Trust	Biotechnology & Healthcare	1,215	1.7%
AVI Global Trust	Global	1,213	1.7%
Baillie Gifford UK Growth Fund	UK All Companies	1,206	1.7%
Henderson European Focus Trust	Europe	1,165	1.6%
Aurora Investment Trust	UK All Companies	1,146	1.6%
Law Debenture Corporation	Global	1,000	1.4%
BlackRock Frontiers Investment Trust	Global Emerging Markets	970	1.3%
Forty largest investments		66,747	91.3%
Mobius Investment Trust	Global Emerging Markets	940	1.3%
Miton UK MicroCap Trust	UK Smaller Companies	915	1.2%
Standard Life Private Equity Trust	Private Equity	341	0.5%
Total investments		68,943	94.3%
Net current assets		4,170	5.7%
Net assets		73,113	100.0%

† Investment managed by the Manager, BMO GAM

Analysis of the investment areas of the Growth Portfolio's investments on a 'look-through' basis



Note: This analysis is gross of any gearing in the underlying investee companies. Source: AIC (underlying data at 31 May 2019)

Board of Directors



Colin McGill, Chairman of the Board, the Nomination Committee and Management Engagement Committee

Appointed on 22 February 2008. He is a qualified lawyer and accountant. He was Chief Executive Officer of Sportech plc, a company listed on the London Stock Exchange, between 2000 and 2003. Between 1975 and 2000 he was with the Bank of Scotland and from 1998 to 2000 was Chief Executive of the Corporate Division of the Bank of Scotland, responsible for all UK and global corporate banking.



Alistair Stewart, Chairman of the Audit Committee

Appointed on 22 February 2008. After qualifying as a Chartered Accountant he joined Murray Johnstone Ltd (investment managers) in 1973 where he served as a director between 1983 and 1999. Between 2000 and 2007 he was head of research at Speirs & Jeffrey Ltd, private client stockbrokers.



David Harris, Senior Independent Director

Appointed on 22 February 2008. He is Chief Executive of InvaTrust Consultancy Ltd, a specialist investment and marketing consultancy group that undertakes a variety of projects within the investment fund management industry. He is currently a non-executive director of The Character Group plc and Manchester and London Investment Trust plc.



David Warnock

Appointed on 1 January 2019. David co-founded the investment firm of Aberforth Partners and was a partner for 19 years until his retirement in 2008. Before Aberforth, he was with Ivory & Sime plc and 3i Group plc. David is currently a non-executive director and chairman of Troy Income & Growth Trust plc and a non-executive director of Seneca Investment Managers Limited.



Sue Inglis

Appointed on 9 July 2018. Sue was a senior corporate financier in Cantor Fitzgerald's Investment Companies team until June 2018, having previously been a Managing Director – Corporate Finance in the Investment Companies team at Canaccord Genuity until 2012. Sue is a qualified lawyer and was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. Sue is currently a non-executive director and chairman of The Bankers Investment Trust PLC and a non-executive director of Baillie Gifford US Growth Trust plc, The European Investment Trust PLC, Seneca Global Income & Growth Trust plc and NextEnergy Solar Fund Limited.

All of the Directors are non-executive. All of the Directors are considered by the Board to be independent. All of the Directors are members of the Audit Committee, Management Engagement Committee and Nomination Committee.

Report of the Directors

The Directors submit the eleventh Annual Report and Financial Statements of the Company for the year ended 31 May 2019. The Directors' biographies, Corporate Governance Statement, the Report of the Audit Committee and the Directors' Remuneration Report form part of this Report of the Directors.

Statement Regarding Annual Report and Financial Statements

Following a detailed review of the Annual Report and Financial Statements by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment industry in general and investment companies in particular. The outlook for the Company can be found on pages 9, 22 and 23. Principal risks and uncertainties can be found on pages 16 and 17 with further information in notes 17 to 22 to the financial statements.

Changes During the Year

The name of the Company was changed to BMO Managed Portfolio Trust PLC on 9 November 2018 by a resolution of the Board.

Results and Dividends

The results for the year are set out in the attached financial statements. The total return attributable to shareholders was £947,000, of which £1,345,000 was attributable to the Income Portfolio and £(398,000) to the Growth Portfolio.

The Company has paid quarterly interim dividends in the year ended 31 May 2019 as follows:

Interim Dividend payments		
	Payment date	Rate per Income share
Fourth interim for 2018	13 July 2018	1.8p
Special for 2018	13 July 2018	0.8p
First interim for 2019	5 October 2018	1.35p
Second interim for 2019	11 January 2019	1.35p
Third interim for 2019	12 April 2019	1.35p

A fourth interim dividend of 1.9p per Income share was paid after the year end, on 12 July 2019 to Income shareholders on the register at close of business on 21 June 2019. The total for the financial year to 31 May 2019 of 5.95p per Income share represents an increase of 4.4% over the 5.7p per Income share (excluding the special dividend of 0.8p per Income share) paid in respect of the previous financial year.

As set out in the Company's dividend policy on page 12, payments are made quarterly and the Company does not currently pay a final dividend that would require formal shareholder approval at the AGM.

As an alternative, the Board proposes to seek formal shareholder approval at the Annual General Meeting ('AGM'), and in future years, to continue quarterly payments (**Resolution 9**).

Principal Activity and Status

The Company is registered in Scotland as a public limited company in terms of the Companies Act 2006 (Company Number: SC338196). The Company is an investment company within the terms of section 833 of the Companies Act 2006.

The Company carries on business as an investment trust and has been approved as such by HM Revenue & Customs ('HMRC'), subject to it continuing to meet the relevant eligibility conditions and ongoing requirements. As a result, it is not liable to corporation tax on capital gains. The Company intends to continue to conduct its affairs so as to enable it to comply with the requirements.

The Company is required to comply with company law, the rules of the UK Listing Authority, financial reporting standards and its Articles of Association.

The Company is a member of the Association of Investment Companies (the 'AIC').

Accounting and Going Concern

The financial statements start on page 49 and the unqualified Independent Auditor's Report on the financial statements is on pages 45 to 48. The significant accounting policies of the Company are set out in note 1 to the financial statements.

Shareholders will be asked to approve the adoption of the Annual Report and Financial Statements at the AGM (**Resolution 1**).

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 described on page 12 and which is subject to regular Board monitoring processes, is designed to ensure that the Company is invested principally in listed securities. The Company retains title to all assets held by its Custodian and has an agreement relating to its borrowing facility with which it has complied during the year. Cash is only held with banks approved and regularly reviewed by the Manager.

Notes 17 to 22 to the financial statements set out the financial risk profile of the Company and indicate the effect on the assets and liabilities of falls (and rises) in the value of securities and market rates of interest.

The Directors believe, 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. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Company's longer term viability is considered in the 'Viability Assessment and Statement' on page 18.

The Company does not have a fixed life. However, the Company's Articles of Association require the Board to next put a resolution to shareholders at the 2023 Annual General Meeting (and five-yearly thereafter) to continue the Company. The continuation vote will be proposed as an ordinary resolution. The first such resolution was put to shareholders and passed at the Annual General Meeting held on 19 September 2018.

Statement of Disclosure of Information to Auditor

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of Auditor

KPMG LLP was re-appointed as the Company's auditor at the Annual General Meeting on 19 September 2018 and it has expressed its willingness to continue in office as the Company's auditor. A resolution proposing its re-appointment and authorising the Directors to determine its remuneration will be submitted at the AGM (**Resolution 8**).

Further information in relation to the re-appointment can be found on page 39.

Capital Structure

The Company's capital structure is explained in the 'Capital Structure' section on page 84 of this Annual Report and details of the share capital are set out in note 13 to the financial statements. Details of voting rights are also set out in the notes to the notice of Annual General Meeting. At 31 May 2019, the total issued share capital of the Company (excluding treasury shares) was represented 55.1% by Income shares and 44.9% by Growth shares.

There are no significant restrictions concerning the transfer of securities in the Company (other than certain restrictions imposed by laws and regulations such as insider trading laws); no agreements known to the Company concerning restrictions on the transfer of securities in the Company or on voting rights; and no special rights with regard to control attached to securities. Pursuant to the Company's loan facility agreement, repayment may be required in the event of a change in control of the Company; there are no other significant agreements which the Company is a party to that might be affected by a change of control of the Company following a takeover bid.

Substantial Interests in Share Capital

At 31 May 2019 the Company had 43,720,705 Income shares and 35,634,929 Growth shares in issue. As at and since that date the Company had received no notifications of significant voting rights (under the FCA's Disclosure Guidance and Transparency Rules) in respect of the Company's share capital.

BMO Savings Plans

Since the launch of the Company, the majority of the Income shares and Growth shares have been held through the BMO retail savings plans. Approximately 71% of the Income shares and 85% of the Growth shares are held in this manner. The voting arrangement for these shares is explained on page 84.

Share Conversion

During the year the Company's annual share conversion facility proceeded for the first time since launch, for those shareholders who had elected to do so. The net result of those conversions, which took effect on 1 November 2018, was a decrease of 184,330 Income shares in issue and an increase of 117,892 Growth shares in issue.

Directors' Remuneration Report

The Directors' Remuneration Report, which can be found on pages 40 to 42, provides detailed information on the remuneration arrangements for the Directors. Shareholders will be asked to approve the Annual Report on Directors' Remuneration at the AGM on 23 September 2019 (**Resolution 2**).

At the Annual General Meeting held on 21 September 2017, shareholders approved the Directors' Remuneration Policy. It is intended that this policy will continue for the three year period ending

at the AGM in 2020, when shareholders will next be asked for their approval. The policy can be found on page 40.

Director Election and Re-elections

Biographical details of the Directors, all of whom are non-executive, can be found on page 28 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company is set out below.

All of the Directors held office throughout the year under review with the exception of Ms S P Inglis, who was appointed as a Director on 9 July 2018, Mr D Warnock, who was appointed as a Director on 1 January 2019 and Mr R M Martin, who retired as a Director on 31 December 2018. Ms S P Inglis was subsequently elected as a Director by the shareholders at the AGM on 19 September 2018. In accordance with the Company's Articles of Association any Director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election. Accordingly, Mr D Warnock will retire at the AGM, being the first such meeting following his appointment and, being eligible, offers himself for election. (**Resolution 7**).

All of the other Directors were appointed on 22 February 2008 and have now served on the Board of the Company for more than nine years. As explained under the Corporate Governance Statement on page 35, the Board has agreed that all Directors will retire annually. Accordingly, Mr D Harris, Ms S P Inglis, Mr C S McGill and Mr A G Stewart will retire at the AGM and, being eligible, offer themselves for re-election. (**Resolutions 3 to 6**).

- **Resolution 3** relates to the re-election of Mr D Harris who was appointed on 22 February 2008 and has therefore served for more than nine years. He provides investment and marketing consultancy services to the financial services sector and has extensive experience and knowledge of investment companies.
- **Resolution 4** relates to the re-election of Ms S P Inglis who was appointed on 9 July 2018. She has extensive and in-depth knowledge and experience in the investment companies sector having been a senior corporate financier and, prior to that, a senior lawyer specialising in investment companies and also from her other non-executive director roles.
- **Resolution 5** relates to the re-election of Mr C S McGill who was appointed on 22 February 2008 and has therefore served for more than nine years. He has a strong accounting and financial background and brings leadership skills from his time in a number of senior roles, including at the Bank of Scotland.
- **Resolution 6** relates to the re-election of Mr A G Stewart who was appointed on 22 February 2008 and has therefore served

for more than nine years. As a chartered accountant, he has an accounting and financial background with extensive knowledge and experience of investment companies and was head of research at Speirs & Jeffrey Ltd.

- **Resolution 7** relates to the election of Mr D Warnock who was appointed on 1 January 2019 and has in-depth knowledge, expertise and experience in investment management and with investment companies.

The Board believes that longer serving Directors should not be prevented from forming part of an independent majority, which is consistent with the view expressed within the AIC Code. The Board does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, the Board believes that each Director is independent in character and judgement, that they perform their duties at all times in an independent manner and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board believes that continuity and experience add significantly to the strength of the Board and therefore no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The Chairman and the Board confirms that, following formal performance evaluations, the performance of each of the Directors continues to be effective and demonstrates commitment to the role and having considered the Directors' other time commitments and Board positions are satisfied that each Director has the capacity to be fully engaged with the Company's business. The Chairman and the Board therefore believes that it is in the interests of shareholders that each of those Directors seeking election/re-election are elected/re-elected.

There are no service contracts in existence between the Company and any Directors but each of the Directors has been issued with, and accepted, the terms of a letter of appointment that sets out the main terms of his or her appointment. Amongst other things, the letter includes confirmation that the Directors have a sufficient understanding of the Company and the sector in which it operates, and sufficient time available to discharge their duties effectively taking into account their other commitments. These letters are available for inspection upon request at the Company's registered office during normal business hours.

No Director has any material interest in any contract to which the Company is a party.

Directors' Deeds of Indemnity

The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds give each Director the benefit of an indemnity to the extent permitted by the Companies Act 2006 against liabilities incurred by each of them in the execution of their duties and the exercise of their powers. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Conflicts of Interest

Under the Companies Act 2006 a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

Safe Custody of Assets

The Company's investments are held in safe custody by JPMorgan Chase Bank (the '**Custodian**'). Operational matters with the Custodian are carried out on the Company's behalf by the Manager in accordance with the provisions of the investment management agreement.

Depository

JPMorgan Europe Limited (the '**Depository**') acts as the Company's depository in accordance with the AIFM Directive. The Depository's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include, but are not limited to, cash monitoring, segregation and safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment and leverage limit requirements.

Although the Depository has delegated the safekeeping of all assets held within the Company's investment portfolio to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depository will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Management and Administration

The Manager provides management, secretarial and administrative services to the Company. A summary of the investment management agreement between the Company and the Manager in respect of the services provided is given in notes 4 and 5 to the financial statements. The Manager is the Company's AIFM, for which it does not receive any additional remuneration.

Since the end of the year, the Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review the Committee considered the past investment performance of the Company and the ability of the Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the investment management contract and the fees payable to the Manager, together with the standard of other services provided, which include company secretarial, accounting and marketing services. Following this review, which included a comparison against the terms of appointment of investment managers for similar investment companies, it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Other Companies Act Disclosures

- The rules for appointment and replacement of Directors are contained in the Articles of Association of the Company. In respect of periodic retirement, the Articles of Association provide that each Director is required to retire at the third Annual General Meeting after the Annual General Meeting at which last elected. As mentioned earlier in this Report, the Board has agreed that all Directors will retire annually.
- Amendment of the Articles of Association and powers to issue and buy-back shares require shareholder authority.
- There are no agreements between the Company and the Directors providing for compensation for loss of office that occurs because of a takeover bid.

Future Developments of the Company

The future success of the Company in pursuit of its investment objective is dependent primarily on the performance of its investments and the outlook for the Company is set out in the Chairman's Statement on page 9 and the Investment Manager's Review on pages 22 and 23.

Environmental, Social and Governance

Details on the Company's Environmental, Social and Governance policies including voting on portfolio investments is set out on page 14.

The Company seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken on behalf of the Company.

As an investment company with no employees or customers and which does not provide goods or services in the normal course of business, the Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a human trafficking statement. The Company's own supply chain, which consists predominantly of professional advisers and service providers in the financial services industry, is considered to be low risk in relation to this matter. A statement by BMO Financial Group under the Act has been published on the Manager's website at www.bmogam.com

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

Financial Instruments

The Company's financial instruments comprise its investment portfolios, cash balances, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in notes 17 to 22 to the financial statements.

Annual General Meeting

The Annual General Meeting will be held at Exchange House, Primrose Street, London EC2A 2NY, on Monday 23 September 2019 at 12.30pm. The notice of Annual General Meeting is set out on pages 79 to 82.

Directors' Authority to Allot Shares (Resolutions 10 and 11)

Since the Annual General Meeting of the Company held on 19 September 2018, and in accordance with the authorities granted, the Board has exercised its powers by issuing 1,250,000 new Income shares and nil new Growth shares (representing 2.8% and nil% of the Company's total issued Income share and Growth share capital respectively (excluding treasury shares) as at 29 July 2019) on a non-pre-emptive basis at a premium to the net asset value per share.

The Directors believe that the Company's continuing ability to issue shares at a premium to net asset value will increase liquidity and reduce volatility by preventing the build-up of excessive demand for shares.

The Directors are seeking authority to allot Income shares and Growth shares.

Resolution 10 will, if passed, authorise the Directors to allot new Income shares up to an aggregate nominal amount of £441,200 (consisting of 4,412,000 Income shares) and new Growth shares up to an aggregate nominal amount of £356,300 (consisting of 3,563,000 Growth shares), being approximately 10% of the Company's total issued Income shares and approximately 10% of the Company's total issued Growth shares (excluding treasury shares) as at 29 July 2019.

Resolution 11 will, if passed, authorise the Directors to allot new Income shares up to an aggregate nominal amount of £441,200 (consisting of 4,412,000 Income shares) and new Growth shares up to an aggregate nominal amount of £356,300, (consisting of 3,563,000 Growth shares), being approximately 10.0% of the Company's total issued Income shares and approximately 10.0% of the Company's total issued Growth shares (including treasury shares), as at 29 July 2019, for cash without first offering such shares to existing shareholders pro rata to their existing holdings. These authorities will continue until the earlier of 23 December 2020 (being 15 months from the date of the Annual General Meeting in 2019) and the conclusion of the Annual General Meeting in 2020. The Directors will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and will not result in a dilution of net asset value per share.

Directors' Authority to Buy-Back Shares (Resolution 12)

At the last Annual General Meeting held on 19 September 2018 shareholders gave the Company authority to make market purchases of up to 6,453,900 Income shares and 5,301,500 Growth shares (being 14.99% of each of the issued Income shares and Growth shares, in each case excluding treasury shares).

During the year to 31 May 2019, the Company purchased through the market for treasury, 75,000 Growth shares with a nominal value of 10p each, representing 0.2% of the Growth shares in issue at the previous financial year end, for a total consideration of £149,000 in accordance with the Company's discount management policy.

During the year to 31 May 2019, the Company did not purchase through the market any Income shares for treasury.

The current authority of the Company to make market purchases of up to 14.99% of each of the issued Income shares and Growth shares (in each case, excluding shares held in treasury) expires at the end of the Annual General Meeting and **Resolution 12**, as set out in the notice of the Annual General Meeting, seeks renewal of that authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99% of each of the issued Income shares and issued Growth shares (in each case, excluding treasury shares) of the Company on the date of the passing of the resolution. The price paid for shares will not be less than the nominal value of 10p per share nor more than the higher of (a) 5% above the average

of the middle market values of those shares for the five business days before the shares are purchased and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share and is in the interests of the shareholders. Any shares purchased under this authority will either be held in treasury or cancelled at the determination of the Directors. This authority will expire on the earlier of 23 December 2020 and the conclusion of the next Annual General Meeting of the Company.

There is no limit on the number of shares that a company can hold in treasury at any one time and the Board has not set a limit on the number of shares that can be held in treasury by the Company.

There were 79,755,634 Income shares and Growth shares in issue (excluding treasury shares) as at 29 July 2019 of which 44,120,705 (55.3%) are Income shares and 35,634,929 (44.7%) are Growth shares. At that date, the Company held nil Income shares (nil % of the total Income share capital) in treasury and nil Growth shares (nil % of the total Growth share capital) in treasury.

The Company therefore in aggregate holds nil shares in treasury representing nil % of the total share capital in issue (excluding treasury shares).

Treasury Shares (Resolution 13)

The Board continues to believe that the effective use of treasury shares assists the liquidity in the Company's securities and management of the discount by addressing imbalances between demand and supply for the Company's securities.

Resolution 13, if passed, will enable the Company to sell shares from treasury without having first to make a pro rata offer to existing shareholders. This authority will be limited to shares representing approximately 10.0% of the Company's issued Income share capital and approximately 10.0% of the Company's issued Growth share capital (including treasury shares) as at the date of passing of the resolution. The sale of shares from treasury is to be at a price not less

than the net asset value per share of the Income shares (in the case of a sale of Income shares) or Growth shares (in the case of a sale of Growth shares).

Approval of the Proposed Purchase Contract (Resolution 14)

Resolution 14 gives the Company authority to buy its deferred shares, arising on the conversion of any of the Growth shares or Income shares into the other class of shares, by way of an off-market purchase in accordance with sections 693 and 694 of the Companies Act 2006. The deferred shares will be purchased for nil consideration as they have no economic value in order to keep the balance sheet straight forward. The exact number of deferred shares which will arise as a result of any conversions is not yet known and therefore the purchase contract constitutes a contract under section 694(3) of the Companies Act 2006. By law the Company will only be able to purchase these shares off-market if the Purchase Contract is approved by special resolution at a general meeting of the Company.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions. Information on shareholder voting rights is set out in the notes to the notice of the Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments for Individual Savings Accounts. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

By order of the Board

For BMO Investment Business Limited
Company Secretary
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
29 July 2019

Corporate Governance Statement

Introduction

Arrangements in respect of corporate governance appropriate to an investment trust have been put in place by the Board. The Company complied throughout the year with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council ('UK Code') in 2016, a copy of which is available at website:

www.frc.org.uk.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') published in 2016 by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'), both of which can be found at www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code as well as setting out additional principles and recommendations on issues which are of specific relevance to investment companies.

Since the Company has no employees and all the Directors are non-executive, the provisions of the UK Code in respect of the role of the chief executive and on Directors' remuneration, except in so far as they apply to non-executive Directors, are not relevant to the Company and are not reported on further.

Under the requirements of the Articles of Association, each Director is required to retire at the third Annual General Meeting after the Annual General Meeting at which last elected. Directors are appointed for a term of no more than three years, subject to reappointment by shareholders, as recommended by the UK Code. In addition, the terms of Directors' appointments adhere to the requirements of the Companies Act 2006 and Directors are not appointed for a guaranteed term of more than two years without shareholder approval. In accordance with the recommendations of the UK Code and the AIC Code, the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. Full details of the duties of Directors are provided at the time of appointment.

During 2018, the Financial Reporting Council issued an updated version of its UK Corporate Governance Code and in February 2019 the AIC also issued a revised version of the AIC Code of Corporate Governance which are applicable for accounting periods beginning on or after 1 January 2019.

The Board has had regard to these latest versions and will report its compliance with the AIC's updated Code of Corporate Governance for the year ended 31 May 2020.

The Board

The Board consists solely of non-executive Directors. Following R M Martin's retirement on 31 December 2018, C S McGill was appointed

Chairman. D Harris is the Senior Independent Director. All the Directors are considered by the Board to be independent of the Company's Manager. Under the requirements of the Articles of Association, Directors are subject to election at the first Annual General Meeting after their appointment. All Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to regulations from the Company Secretary and other parties, including the AIC.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

The basis on which the Company aims to generate value over the longer term is set out in the Strategy and Business Model on pages 10 and 11.

The Company has no executive Directors or employees. An investment management agreement between the Company and its Manager, BMO Investment Business Limited, sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, corporate governance and risk management procedures, are reserved for the approval of the Board of Directors. The Board currently meets at least four times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Directors' attendance during the year ended 31 May 2019

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
No. of meetings	4	3	1	2
R M Martin ⁽¹⁾	3	1	1	2
D Harris	4	3	1	2
S P Inglis ⁽²⁾	4	3	1	2
C S McGill	4	3	1	2
A G Stewart	4	3	1	2
D Warnock ⁽³⁾	1	2	-	-

⁽¹⁾ Retired on 31 December 2018.

⁽²⁾ Appointed on 9 July 2019.

⁽³⁾ Appointed on 1 January 2019.

In addition, during the year, committee meetings were held to approve the interim dividends and a board meeting held with respect to the annual share conversion facility. All Directors (in office at that time) attended the Annual General Meeting in September 2018.

Board Effectiveness

During the year the performance of the Board, Committees and individual Directors was evaluated through a formal assessment process, led by the Senior Independent Director. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. This process involved consideration of completed questionnaires tailored to suit the nature of the Company and discussion of the points arising amongst the Directors.

Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remain committed to the Company. The Board believes that each Director is independent in character and that there are no relationships or circumstances which are likely to affect his or her judgement.

Voting Policy on Portfolio Investments

Details of the Company's ESG policies including voting on portfolio investments is set out on page 14.

BMO GAM's statement of compliance with The UK Stewardship Code has been reviewed and endorsed by the Board, which encourages and supports BMO GAM on its voting policy and its stance towards environmental, social and governance issues. The statement is available on BMO GAM's website at bmogam.com/gb-en/institutional/institutional-capabilities/responsible-investing/.

Committees

Throughout the year a number of committees have been in existence. The committees were the Audit Committee, the Remuneration Committee and the Nomination Committee. Following the year end, on 11 July 2019, the Board established a Management Engagement Committee in place of the Remuneration Committee. Each of these Committees operate within clearly defined written terms of reference which are available upon request. Each of the committees comprises all of the Directors. The Board considers that, given its size, it would be unnecessarily burdensome to establish separate committees which did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

Audit Committee

Details of the Audit Committee are contained in the Report of the Audit Committee on pages 37 to 39.

Remuneration Committee/Management Engagement Committee

The Remuneration Committee was chaired by A G Stewart, comprised the full Board and reviewed the appropriateness of the Manager's continuing appointment together with the terms and conditions thereof on a regular basis. With effect from 11 July 2019, the Board established a Management Engagement Committee to fulfil this responsibility in place of the Remuneration Committee. The Management Engagement Committee is chaired by C S McGill

and comprises the full Board. The Remuneration Committee also determined the level of Directors' fees but from 11 July 2019 these are determined by the Board. The Directors' Remuneration Report is shown on pages 40 to 42.

Nomination Committee

The Nomination Committee, chaired by C S McGill, comprises the full Board and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board these are based on merit. The Nomination Committee also takes into account the ongoing requirements of the Company and the need to have within the Board a balance of relevant skills, experience, independence and diversity, including gender and knowledge of the Company. The Company's Board diversity policy is shown on page 14. The Directors have not set any measurable objectives in relation to diversity of the Board.

As set out in the Report of the Directors, during the year, a recruitment process led by the Nomination Committee, was undertaken and Ms S P Inglis and Mr D Warnock were appointed to the Board. An independent external recruitment agency, Fletcher Jones Executive Search facilitated this process.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. In addition to the annual and interim reports that are available for shareholders, monthly fact sheets and additional information is included on the Company's website at www.bmomanagedportfolio.com. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The notice for the forthcoming Annual General Meeting, to be held on 23 September 2019 is set out on pages 79 to 82.

Risk Management and Internal Control

Details of the principal risks and uncertainties and internal controls applied by the Board are set out on pages 16 and 17 and pages 37 and 38 respectively.

Share Capital and Companies Act 2006 Disclosures

Details of the Company's share capital structure are set out on page 30 and other Companies Act 2006 Disclosures are included on page 32.

By order of the Board

For BMO Investment Business Limited

Company Secretary

Quartermile 4

7a Nightingale Way

Edinburgh EH3 9EG

29 July 2019

Report of the Audit Committee

Composition of the Committee

The Board recognises the requirement for the Audit Committee as a whole to have competence relevant to the sector in which the Company operates and at least one member with recent and relevant experience.

Until 1 January 2019 the Audit Committee was chaired by C S McGill. Since then, the Audit Committee has been chaired by A G Stewart both of whom have recent and relevant financial experience. The Audit Committee operates within clearly defined terms of reference and comprises the full Board. These Directors have a combination of financial, investment and business experience and specifically with respect to the investment trust sector.

The performance of the Committee was evaluated as part of the Board appraisal process.

Role of the Committee

The duties of the Audit Committee include reviewing the Annual and Interim financial statements, the system of internal controls and the terms of appointment and remuneration of the auditor, KPMG LLP ('KPMG'), including its independence and objectivity. It also provides a forum through which the auditor reports to the Board of Directors and meets at least twice a year including at least one meeting with KPMG.

The Audit Committee met on three occasions during the year and the attendance of each of the members is set out on page 35. In the due course of its duties, the committee had direct access to KPMG and senior members of the Manager's Fund Management, Investment Trust and Business Risk teams. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual and half-yearly results announcements, and annual and half-yearly reports and financial statements;
- the accounting policies of the Company and the allocation of management expenses and interest costs between capital and revenue;
- the principal risks and uncertainties faced by the Company and the effectiveness of the Company's internal control and risk management environment, including consideration of the assumptions underlying the Board's statement on viability;
- the effectiveness of the external audit process and related non-audit services and the independence and objectivity of KPMG, its re-appointment, remuneration and terms of engagement;

- the policy on the engagement of KPMG to supply non-audit services and approval of any such services;
- the implications of proposed new accounting standards and regulatory changes;
- the need for the Company to have its own internal audit function;
- the receipt of ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian and other significant third party service providers; and
- whether the Annual Report and Financial Statements is fair, balanced and understandable.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant financial information as noted in the Statement of Directors' Responsibilities on page 43.

Risk Management

The Board has established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the related guidance issued by the Financial Reporting Council.

BMO GAM's Business Risk department provide regular control report updates to the Audit Committee and the Board covering risk and compliance and any significant issues identified by internal audit that might be relevant to the Company.

A key risk "radar" summary is produced to help identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Board has a robust process for considering the resulting risk matrix and reviews the significance of the risks and reasons for any changes.

The Company's principal risks and uncertainties and their mitigations are set out on pages 16 and 17 with additional information provided in notes 17 to 22 to the financial statements. The integration of these risks into the consideration of the Viability Statement on page 18 was also fully considered and the Audit Committee concluded that the Board's Statement was soundly based. The period of three years was also agreed as remaining appropriate for the reasons given in the Statement.

Internal Controls

The Board has overall responsibility for the Company's systems of internal controls, for reviewing their effectiveness and ensuring that risk management and control processes are embedded in the daily operations, which are managed by BMO GAM.

The Audit Committee has reviewed and reported to the Board on these controls which aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable.

Control of the risks identified, including financial, operational, compliance and overall risk management, is exercised by the Audit Committee and the Board through regular reports provided by BMO GAM. The reports cover investment performance, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third party administrator of the BMO savings plans and other relevant issues.

At each Board meeting, the Board monitors the investment performance of the Company in comparison to its objective and relevant equity market indices. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if appropriate, approves changes to such policy and guidelines.

These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud. Further to the review by the Audit Committee, the Board has assessed the effectiveness of the Company's internal control systems.

The assessment included a review of the BMO GAM risk management infrastructure and the Report on Internal Controls in accordance with ISAE 3402 and AAF (01/06) for the year to 31 October 2018 (the '**ISAE/AAF Report**') that has been prepared for its clients. The Audit Committee also received confirmation from BMO GAM that, subsequent to this date, there had been no material changes to the control environment. Containing a report and an unqualified opinion from independent reporting accountants KPMG LLP, it sets out BMO GAM's control environment and procedures with respect to the management of its clients' investments and maintenance of their financial records. The effectiveness of these controls is monitored by BMO GAM's Group Audit and Compliance Committee which receives regular reports from its Internal Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses

within BMO GAM's control environment and those extending to any outsourced service provider to ensure that action would be taken to remedy any significant issues identified and which would be reported to the Board. Any errors or breaches relating to the Company are reported at each Board Meeting by the Manager. No failings or weaknesses material to the overall control environment and financial statements in respect of the Company were identified in the year under review nor to the date of this report.

The Audit Committee also reviewed appropriate reports on the internal controls of other significant service providers, such as the Custodian and Registrar and was satisfied that there were no material exceptions.

The review procedures have been in place throughout the financial year and up to the date of approval of the financial statements, and the Board is satisfied with their effectiveness.

The Audit Committee has reviewed the need for an internal audit function. Based on review, observation and enquiry, the Audit Committee has concluded that the systems and procedures employed by the Manager, together with the Manager's internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained and the Board has concurred. In addition, the Company's financial statements are audited by an external auditor. An internal audit function, specific to the Company, is therefore considered unnecessary but this decision will be kept under review.

External Audit Process and Significant Matters Considered by the Audit Committee

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved KPMG's plan for the audit of the financial statements for the year ended 31 May 2019. At the conclusion of the audit KPMG did not highlight any issues to the Audit Committee which would cause it to qualify its audit report. KPMG issued an unqualified audit report which is included on pages 45 to 48. The significant matters considered by the Audit Committee are discussed in the table on the following page.

Non-audit Services

In relation to the provision of non-audit services by the auditor it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit Committee and any special projects must also be approved in advance. In addition to statutory audit fees, KPMG received fees, excluding VAT, for non-audit services of £2,500 for the year (2018: nil) and which related to agreed upon procedures in relation to the review of the 2018 share conversion

calculation. The Audit Committee did not consider that the provision of such non-audit services was a threat to the objectivity and independence of the conduct of the audit.

In particular, the Committee has a policy, with effect from 1 June 2017, that the accumulated costs of all non-audit services sought from the auditor in any one year should not exceed 30% of the likely audit fees for that year and, by year four, not exceed 70% of the average audit fee for the previous three years.

Auditor Assessment, Independence and Appointment

The Audit Committee reviews the re-appointment of the auditor every year and has been satisfied with the effectiveness of KPMG's performance on the audit just completed.

As part of the review of auditor independence and effectiveness, KPMG has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating KPMG, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee,

from direct observation and enquiry of the Manager, remains satisfied that KPMG continues to provide effective independent challenge in carrying out its responsibilities.

Following professional guidelines, the audit partner rotates after five years. The current senior statutory auditor was engaged for the first time during the year ended 31 May 2018, which was KPMG's first year as auditor. The Audit Committee also considered the evaluation of KPMG's audit performance through the Audit Quality Review performed by the Financial Reporting Council.

As part of its annual review, the Committee considers the need for putting the audit out to tender for reasons of quality or independence. As the Company is required to carry out a tender at least every ten years, the next one will be conducted no later than 31 May 2027.

KPMG's fee for the audit, excluding VAT, was £19,500 (2018: £19,500). On the basis of this assessment, the Audit Committee has recommended the re-appointment of KPMG to the Board.

Significant matters considered by the Audit Committee in relation to the Financial Statements

Matter	Action
Investment Portfolio Valuation	
The Company's portfolios are invested predominantly in listed securities. Errors in the portfolio valuations could have a material impact on the Company's net asset value per share.	The Board reviews the full portfolio valuations at each Board meeting and receives quarterly monitoring and control reports from the AIFM and Depositary. The Audit Committee reviewed the Manager's annual ISAE/AAF Report, as referred to on page 38, which is reported on by independent external accountants, and which details the systems, processes and controls around the daily pricing of equity and fixed interest securities, including the application of exchange rate movements. The Manager has provided further assurance that controls have operated satisfactorily since that date.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its net asset value per share.	The Audit Committee reviewed the Manager's ISAE/AAF Report, as referred to on page 38, which details the controls around the reconciliation of the Manager's records to those of the Custodian. The Audit Committee also reviewed the Custodian's annual internal controls report, which is reported on by independent external accountants, and which provides details regarding its control environment. The Depositary has issued reports confirming, amongst other matters, the safe custody of the Company's assets for the periods since implementation of AIFMD to 31 May 2019.

The Audit Committee read and discussed this Annual Report and Financial Statements and concluded that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, objective and strategy.

Alistair G Stewart
Chairman of the Audit Committee
29 July 2019

Directors' Remuneration Report

Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 31 May 2019, are shown below. This shows all major decisions on Directors' remuneration, and any substantial changes made during the year relating to Directors' remuneration, including the context in which any changes occurred.

Under company law, the auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's opinion is included in its report on pages 45 to 48.

The Board consists solely of independent non-executive Directors. The Company has no executive directors or employees. With effect from 11 July 2019 the Board is responsible for determining the level of Directors' fees and will consider these at least annually. Prior to this date this function was fulfilled by the Remuneration Committee.

A comprehensive review of comparative Directors' fees is considered in advance of each review.

Directors' Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, their responsibilities, duties and time commitment required and be fair and comparable to that of other investment companies that are similar in size and have similar investment objectives. The policy also provides for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and Committee meetings, including those treated as a benefit in kind subject to tax and national insurance. There were no changes to the policy during the year.

The Company has not received any views from its shareholders in respect of the levels of Directors' remuneration. It is intended that the policy will continue for the three year period ending at the AGM in 2020.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit (as amended at the September 2018 AGM) is £150,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has

a letter of appointment setting out the terms and conditions of his or her appointment and such letters are available for inspection at the Company's registered office during business hours. The terms of appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his or her appointment. Directors are thereafter obliged to retire periodically and, if they wish, to offer themselves for re-election, by shareholders at the third Annual General Meeting after the Annual General Meeting at which last elected. However, in accordance with the recommendations of the UK Code and the AIC Code, the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. There is no notice period and no provision for compensation upon termination of appointment.

Voting at Annual General Meeting on Directors' Remuneration Policy

The Directors' Remuneration Policy was last approved by shareholders at the Company's Annual General Meeting held on 21 September 2017. 96.1% of votes were in favour of the resolution and 3.9% were against.

Annual Statement

As Chairman of the Board, I confirm that Directors' fees remained unchanged during the year to 31 May 2019. The last change to Directors' fees took effect from 1 June 2017.

Future Policy Table

Following a review of the level of Directors' fees for the forthcoming year to 31 May 2020, the Board concluded that effective 1 June 2019, the amounts paid to Directors should increase by £1,500 per annum for the Chairman and by £2,000 per annum for the Audit Committee Chairman and for each of the other Directors.

Based on this, Directors' fees for the forthcoming financial year would be as follows:

Director	31 May 2020 £	31 May 2019# £
Chairman	29,000	27,500
Audit Committee chairman	25,000	23,000
Director	22,000	20,000

Actual Directors' remuneration for the year ended 31 May 2019.

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year (audited)

The Directors who served during the financial year received the following amounts for services as non-executive Directors for the years ended 31 May 2019 and 2018 and can expect to receive the fees indicated for 2020 as well as reimbursement for expenses necessarily incurred. No other forms of remuneration were paid during the year.

Fees for services to the Company (audited)							
Director	Fees (audited)		Taxable Benefits ⁽¹⁾ (audited)		Total (audited)		Anticipated Fees ⁽²⁾
	31 May 2019 £	31 May 2018 £	31 May 2019 £	31 May 2018 £	31 May 2019 £	31 May 2018 £	31 May 2020 £
R M Martin (Chairman) ⁽³⁾	16,016	27,500	224	16	16,240	27,516	n/a
D Harris	20,000	20,000	2,240	1,100	22,240	21,100	22,000
S P Inglis ⁽⁴⁾	17,954	n/a	252	n/a	18,206	n/a	22,000
C S McGill (Chairman) ⁽³⁾	24,879	23,000	386	-	25,265	23,000	29,000
A G Stewart	21,253	20,000	403	36	21,656	20,036	25,000
D Warnock ⁽⁵⁾	8,352	n/a	-	n/a	8,352	n/a	22,000
Total	108,454	90,500	3,505	1,152	111,959	91,652	120,000

⁽¹⁾ Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.

⁽²⁾ Fees expected to be payable to the Directors during the year ended 31 May 2020.

⁽³⁾ R M Martin was the chairman until he retired on 31 December 2018. Subsequently C S McGill was appointed chairman.

⁽⁴⁾ Appointed on 9 July 2018.

⁽⁵⁾ Appointed on 1 January 2019

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration (excluding taxable benefits), other expenses and shareholder distributions:

	31 May 2019 £	31 May 2018 £	Change %
Aggregate Directors' remuneration ⁽¹⁾	108,454	90,500	+19.8
Management and other expenses	1,578,546	1,483,500	+6.4
Quarterly dividends paid to shareholders (relating to the year)	2,576,000	2,429,000	+6.1
Special dividend paid to shareholders (relating to the year)	-	344,000	-
Aggregate cost of Income shares and Growth shares repurchased	149,000	-	-

⁽¹⁾ As shown above, the Board was increased to comprise five Directors during the year.

Directors' Shareholdings (audited)

The Directors who held office at the year end and their interests in the shares of the Company at 31 May 2019 (all of which were beneficially held) were as follows:

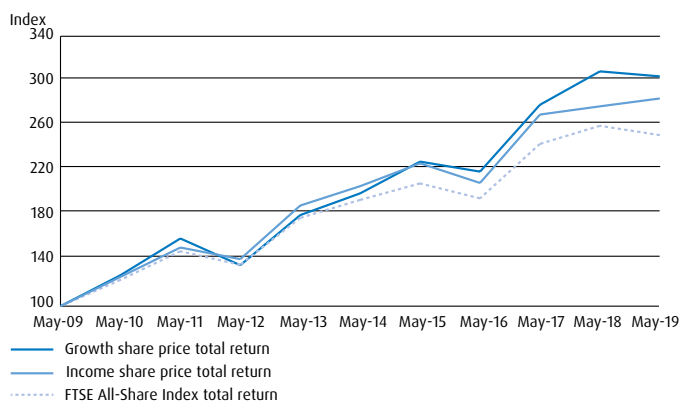
Director	31 May 2019		31 May 2018	
	Income Shares	Growth Shares	Income Shares	Growth Shares
C S McGill (Chairman)	10,000	10,000	10,000	10,000
D Harris	5,000	5,000	5,000	5,000
S P Inglis	3,000	12,000	n/a	n/a
A G Stewart	10,000	10,000	10,000	10,000
D Warnock	30,000	20,000	n/a	n/a

There have been no changes in the Directors' interests in the shares of the Company between 31 May 2019 and 29 July 2019.

Company Performance

The graph below compares, for the ten financial years ended 31 May 2019, the total return (assuming all dividends are reinvested) to Income shareholders and Growth shareholders compared to the total return on the FTSE All-Share Index. This index was chosen for comparison purposes as it is the Company's benchmark. An explanation of the performance of the Company is given in the Chairman's Statement and Investment Manager's Review.

Share Price Total Return and the FTSE All-Share Index Total Return (Rebased to 100 at 31 May 2009)



Voting at Annual General Meeting on Annual Remuneration Report

At the Company's last Annual General Meeting, held on 19 September 2018, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 May 2018. 96.0% of votes were in favour of the resolution and 4.0% were against.

An ordinary resolution for the approval of this Annual Report on Directors' Remuneration will be put to shareholders at the forthcoming Annual General Meeting (**Resolution 2**).

On behalf of the Board

Colin S McGill

Director

29 July 2019

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

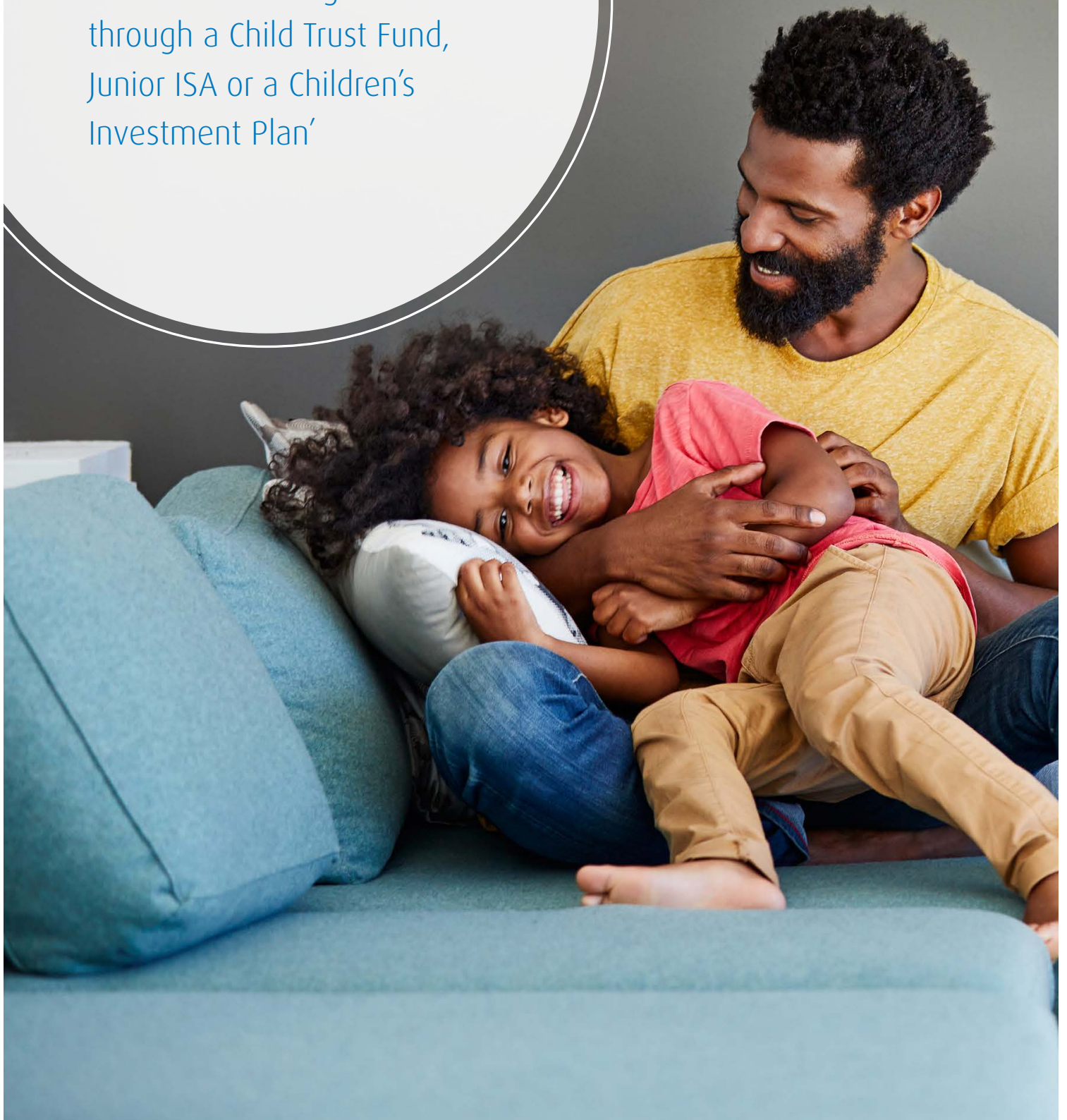
Responsibility statement of the Directors under the Disclosure Guidance and Transparency Rules in respect of the Annual Report and Financial Statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report and the Report of the Directors include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Colin S McGill
 Chairman
 29 July 2019

'The Company's shares have been a popular choice for parents, with more than 8,200 children becoming investors through a Child Trust Fund, Junior ISA or a Children's Investment Plan'



Independent Auditor's Report

to the members of BMO Managed Portfolio Trust PLC

1. Our opinion is unmodified

We have audited the financial statements of BMO Managed Portfolio Trust PLC ("the Company") for the year ended 31 May 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2019 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 21 September 2017. The period of total uninterrupted engagement is for the 2 financial years ended 31 May 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality:	£1.35m (2018: £1.40m)
financial statements as a whole	1% (2018: 1%) of Total Assets
Risks of material misstatement	vs 2018
Recurring risk Carrying value of listed equity investments	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2018) in arriving at our audit opinion above, together with our key audit procedures to address the matter and, as required for public interest entities, our results from those procedures. The matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on the matter.

	The risk	Our response
<p>Carrying value of listed equity investments</p> <p>£130.3 million; (2018: £131.2 million)</p> <p><i>Refer to page 39 (Report of the Audit Committee), page 54 (accounting policy) and pages 64 to 66 (financial disclosures)</i></p>	<p>Low risk, high value:</p> <p>The Company's portfolio of listed equity investments makes up 95.5% of the Company's total assets (by value as at 31 May 2019) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, listed investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Tests of Detail: Agreeing the valuation of 100 per cent of investments in the portfolio to externally listed prices; and — Enquiry of custodian: Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodian. <p>Our results</p> <ul style="list-style-type: none"> — We found the carrying amount of listed equity investments to be acceptable (2018: acceptable).

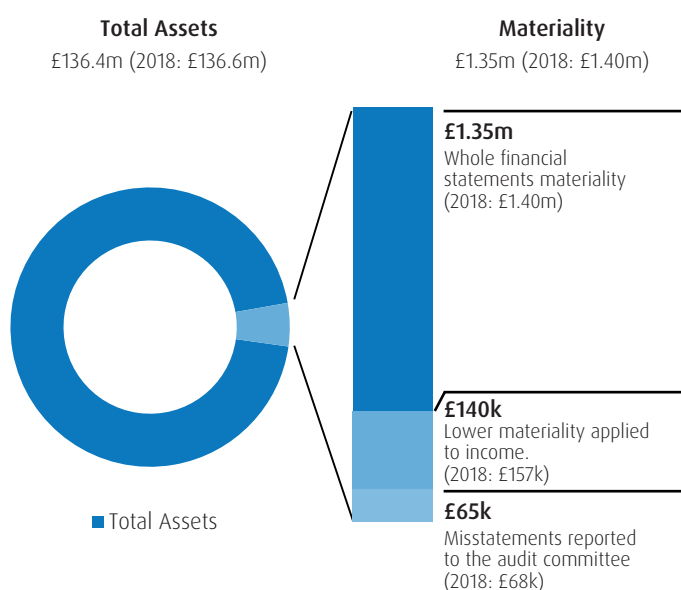
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1.35m (2018: £1.40m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

In addition, we applied materiality of £140,000 (2018: £157,000) to income (within the Revenue column of the Income Statement), for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £65,000 (2018: £68,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at BMO Global Asset Management's office in Edinburgh and our office in Edinburgh.



4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going

concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on pages 29 and 30 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 18 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below) or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the manager and the administrator (as required by auditing standards) and discussed with the directors and the manager the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising

the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
29 July 2019**

Income Statement

For the year ended 31 May						
Notes	Revenue 2019 £'000	Capital 2019 £'000	Total 2019 £'000	Revenue 2018 £'000	Capital 2018 £'000	Total 2018 £'000
10	(Losses)/gains on investments	-	(880)	(880)	-	6,558
	Foreign exchange losses	-	(8)	(8)	-	(1)
3	Income	3,655	-	3,655	3,905	-
4	Investment management and performance fees	(252)	(940)	(1,192)	(249)	(849)
5	Other expenses	(495)	-	(495)	(476)	-
	Return on ordinary activities before finance costs and tax	2,908	(1,828)	1,080	3,180	5,708
6	Finance costs	(44)	(65)	(109)	(44)	(66)
	Return on ordinary activities before tax	2,864	(1,893)	971	3,136	5,642
7	Tax on ordinary activities	(24)	-	(24)	(27)	-
	Return attributable to shareholders	2,840	(1,893)	947	3,109	5,642
9	Return per Income share	6.59p	(3.47p)	3.12p	7.32p	(3.42p)
9	Return per Growth share	-	(1.12p)	(1.12p)	-	20.45p

The total column of this statement is the Profit and Loss Account of the Company. The supplementary revenue and capital columns are prepared under guidance published by The Association of Investment Companies.

Segmental analysis, illustrating the two separate portfolios of assets, the Income Portfolio and the Growth Portfolio, is shown in note 2 to the financial statements.

All revenue and capital items in the Income Statement derive from continuing operations.

Return attributable to shareholders represents the profit/(loss) for the year and also total comprehensive income.

The accompanying notes on pages 54 to 76 are an integral part of these financial statements.

Balance Sheet

as at 31 May						
Notes	Income Shares 2019 £'000	Growth Shares 2019 £'000	Total 2019 £'000	Income Shares 2018 £'000	Growth Shares 2018 £'000	Total 2018 £'000
	Fixed assets					
10	61,321	68,943	130,264	61,255	69,911	131,166
	Current assets					
11	292	47	339	260	62	322
	1,256	4,571	5,827	1,905	3,197	5,102
	1,548	4,618	6,166	2,165	3,259	5,424
	Creditors					
12	(241)	(191)	(432)	(170)	(645)	(815)
	1,307	4,427	5,734	1,995	2,614	4,609
	Creditors					
12	(5,000)	(257)	(5,257)	(5,000)	-	(5,000)
	57,628	73,113	130,741	58,250	72,525	130,775
	Capital and reserves					
13	4,372	3,563	7,935	4,306	3,517	7,823
14	23,703	21,417	45,120	22,597	20,408	43,005
14	30	186	216	-	182	182
14	19,066	17,117	36,183	19,371	17,190	36,561
14	7,919	30,830	38,749	9,414	31,228	40,642
14	2,538	-	2,538	2,562	-	2,562
15	57,628	73,113	130,741	58,250	72,525	130,775
15	131.81p	205.17p		135.29p	206.23p	

Company Number: SC338196

Approved by the Board and authorised for issue on 29 July 2019 and signed on its behalf by:

Colin S McGill, Director.

The accompanying notes on pages 54 to 76 are an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 May						
Notes	Income Shares 2019 £'000	Growth Shares 2019 £'000	Total 2019 £'000	Income Shares 2018 £'000	Growth Shares 2018 £'000	Total 2018 £'000
16	Net cash outflow from operations before dividends and interest	(624)	(984)	(1,608)	(664)	(1,394)
	Dividends received	2,574	1,002	3,576	2,860	3,823
	Interest received	9	20	29	4	11
	Interest paid	(102)	-	(102)	(102)	(102)
	Net cash inflow from operating activities	1,857	38	1,895	2,098	2,338
	Investing activities					
	Purchases of investments	(5,607)	(7,408)	(13,015)	(15,258)	(22,565)
	Sales of investments	5,068	7,758	12,826	15,354	21,316
	Net cash flows from investing activities	(539)	350	(189)	96	(1,249)
	Net cash flows before financing activities	1,318	388	1,706	2,194	1,089
	Financing activities					
8	Equity dividends paid	(2,864)	-	(2,864)	(2,370)	(2,370)
	Proceeds from issuance of new shares	1,129	746	1,875	708	2,319
	Share conversion – Income to Growth	(305)	305	-	-	-
	Share conversion – Growth to Income	73	(73)	-	-	-
	Sale of shares from treasury	-	157	157	600	600
	Shares purchased to be held in treasury	-	(149)	(149)	-	-
	Net cash flows from financing activities	(1,967)	986	(981)	(1,062)	549
	Net movement in cash and cash equivalents	(649)	1,374	725	1,132	1,638
	Cash and cash equivalents at the beginning of the year	1,905	3,197	5,102	773	3,464
	Cash and cash equivalents at the end of the year	1,256	4,571	5,827	1,905	5,102
	Represented by:					
	Cash at bank and short-term deposits	1,256	4,571	5,827	1,905	5,102

The accompanying notes on pages 54 to 76 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 May 2019							
Notes	Income Shares						
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000
	4,306	22,597	-	19,371	9,414	2,562	58,250
As at 31 May 2018							
13 Increase in share capital in issue, net of share issuance expenses	85	1,044	-	-	-	-	1,129
13 Share conversion	(13)	62	24	(305)	-	-	(232)
13 Cancellation of deferred shares	(6)	-	6	-	-	-	-
Transfer of net income from Growth to Income Portfolio	-	-	-	-	-	646	646
Transfer of capital from Income to Growth Portfolio	-	-	-	-	(646)	-	(646)
8 Dividends paid	-	-	-	-	-	(2,864)	(2,864)
Return attributable to shareholders	-	-	-	-	(849)	2,194	1,345
As at 31 May 2019	4,372	23,703	30	19,066	7,919	2,538	57,628
	Growth Shares						
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000
	3,517	20,408	182	17,190	31,228	-	72,525
As at 31 May 2018							
13 Increase in share capital in issue, net of share issuance expenses	34	712	-	-	-	-	746
13 Shares sold from treasury	-	8	-	149	-	-	157
13 Shares purchased for treasury	-	-	-	(149)	-	-	(149)
13 Share conversion	13	289	3	(73)	-	-	232
13 Cancellation of deferred shares	(1)	-	1	-	-	-	-
Transfer of net income from Growth to Income Portfolio	-	-	-	-	-	(646)	(646)
Transfer of capital from Income to Growth Portfolio	-	-	-	-	646	-	646
Return attributable to shareholders	-	-	-	-	(1,044)	646	(398)
As at 31 May 2019	3,563	21,417	186	17,117	30,830	-	73,113
	Total						
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000
	7,823	43,005	182	36,561	40,642	2,562	130,775
As at 31 May 2018							
Increase in share capital in issue, net of share issuance expenses	119	1,756	-	-	-	-	1,875
Shares sold from treasury	-	8	-	149	-	-	157
Shares purchased for treasury	-	-	-	(149)	-	-	(149)
Share conversion	-	351	27	(378)	-	-	-
Cancellation of deferred shares	(7)	-	7	-	-	-	-
8 Dividends paid	-	-	-	-	-	(2,864)	(2,864)
Return attributable to shareholders	-	-	-	-	(1,893)	2,840	947
Total Company as at 31 May 2019	7,935	45,120	216	36,183	38,749	2,538	130,741

The accompanying notes on pages 54 to 76 are an integral part of these financial statements.

Statement of Changes in Equity – continued

For the year ended 31 May 2018								
Notes	Income Shares							
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000	
	As at 31 May 2017	4,254	21,839	-	18,873	10,865	1,823	57,654
13	Increase in share capital in issue, net of share issuance expenses	52	656	-	-	-	-	708
13	Shares sold from treasury	-	102	-	498	-	-	600
	Transfer of net income from Growth to Income Portfolio	-	-	-	-	-	631	631
	Transfer of capital from Income to Growth Portfolio	-	-	-	-	(631)	-	(631)
8	Dividends paid	-	-	-	-	-	(2,370)	(2,370)
	Return attributable to shareholders	-	-	-	-	(820)	2,478	1,658
	As at 31 May 2018	4,306	22,597	-	19,371	9,414	2,562	58,250
	Growth Shares							
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000	
	As at 31 May 2017	3,435	18,879	182	17,190	24,135	-	63,821
13	Increase in share capital in issue, net of share issuance expenses	82	1,529	-	-	-	-	1,611
	Transfer of net income from Growth to Income Portfolio	-	-	-	-	-	(631)	(631)
	Transfer of capital from Income to Growth Portfolio	-	-	-	-	631	-	631
	Return attributable to shareholders	-	-	-	-	6,462	631	7,093
	As at 31 May 2018	3,517	20,408	182	17,190	31,228	-	72,525
	Total							
	Share Capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000	
	As at 31 May 2017	7,689	40,718	182	36,063	35,000	1,823	121,475
	Increase in share capital in issue, net of share issuance expenses	134	2,185	-	-	-	-	2,319
	Shares sold from treasury	-	102	-	498	-	-	600
8	Dividends paid	-	-	-	-	-	(2,370)	(2,370)
	Return attributable to shareholders	-	-	-	-	5,642	3,109	8,751
	Total Company as at 31 May 2018	7,823	43,005	182	36,561	40,642	2,562	130,775

The accompanying notes on pages 54 to 76 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

These financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, Financial Reporting Standards (FRS 102) and the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Companies (AIC).

There have been no significant changes to the Company's accounting policies during the year ended 31 May 2019.

The audited financial statements for the Company comprise the Income Statement and the total columns of the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the Company totals shown in the notes to the financial statements.

The preparation of the Company's financial statements on occasion requires management to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current or future periods, depending on the circumstance.

Management do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Presentation of the Income Statement

In order to reflect better the activities of an investment company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe to be appropriate in assessing the Company's compliance with certain requirements set out in Chapter 4, Part 24 of the Corporation Tax Act 2010.

The notes and financial statements are presented in pounds sterling (functional and reporting currency) and are rounded to the nearest thousand except where otherwise indicated.

(b) Valuation of investments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth and the Company's investments have been categorised as "financial assets at fair value through profit or loss". Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition.

Listed and quoted investments are subsequently valued at their fair value which is represented by the bid price at the close of business on the relevant date on the exchange on which the investment is quoted.

As investments have been categorised as "financial assets at fair value through profit or loss," gains and losses arising from changes in fair value are included in the Income Statement as a capital item.

1. Accounting policies (continued)

(c) Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Dividends from overseas companies are shown gross of any withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as revenue.

Special dividends are recognised in the revenue account unless they are of a capital nature, following which they will be recognised in the capital account.

Interest income from fixed interest securities is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable.

Other investment income and deposit interest are included on an accruals basis.

(d) Expenses

All expenses and finance costs are accounted for on an accruals basis. Expenses are charged to the Income Statement as a revenue item except where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolios and taking account of the expected long-term returns as follows:

- Management fees and finance costs have been allocated 40 per cent to revenue and 60 per cent to capital in the Income Portfolio and 20 per cent to revenue and 80 per cent to capital in the Growth Portfolio;
- Performance fees are charged wholly to capital.

Expenses charged to the Company common to both Portfolios are allocated to the Portfolios in the same proportion as their net assets at the quarter end immediately preceding the date on which the cost is to be accounted for.

Expenses charged to the Company in relation to a specific Portfolio are charged directly to that Portfolio, with the other Portfolio remaining unaffected.

(e) Taxation

The tax expense represents the sum of the tax currently payable, overseas tax suffered and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Tax is computed for each Portfolio separately, however the Company is the taxable entity. A Portfolio which generates taxable revenues in excess of tax deductible expenses may benefit from the excess of tax deductible expenses in the other Portfolio. In return, by way of compensation, there would be a transfer from the Portfolio with taxable profits to the Portfolio with taxable losses.

1. Accounting policies (continued)

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Investment trusts which have approval under Chapter 4, Part 24 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

(g) Borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received. Finance costs, including interest, are accrued using the effective interest rate method. See note 1(d) for the allocation of finance costs.

(h) Foreign currencies

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency. Sterling is also the currency in which the financial statements are presented.

Transactions denominated in foreign currencies are recorded in the functional currency at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value and denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature respectively.

Rates of exchange at 31 May	2019	2018
US dollar	1.26	1.33
Swiss Franc	1.27	1.31
Euro	1.13	1.14

(i) Reserves

- Share premium* – the surplus of net proceeds received from the issuance of new shares or the value of shares arising from conversion over their par value is credited to this account and the related issue costs are deducted from this account. Gains arising on the resale of shares from treasury are credited to this reserve. The reserve is non-distributable. The initial balance of this account which arose as a result of the shares issued at launch was subsequently cancelled by the Court of Session to create the special reserve.
- Capital redemption reserve* – the nominal value of any of the shares bought back for cancellation is added to this reserve. This reserve is non-distributable.
- Special reserve* – created from the Court cancellation of the share premium account which had arisen from premiums paid on the Income shares and Growth shares at launch. Available to be used as distributable profits (except by way of dividend). The cost of any shares bought back and the value of shares submitted for conversion are deducted from this reserve. The cost of any shares resold from treasury is added back to this reserve.

1. Accounting policies (continued)

(d) Capital reserves

Capital reserve – investments sold – gains and losses on realisation of investments and losses on transactions in own shares are dealt with in this reserve together with the proportion of management and performance fees, finance costs and taxation allocated to capital. This reserve also includes dividends received of a capital nature.

Capital reserve – investments held – increases and decreases in the valuation of investments held are accounted for in this reserve.

The Company's Articles of Association allow distributions to be made to the holders of the Income shares out of the capital profits attributable to the Income Portfolio although the Board has no current need or intention to do so.

- (e) *Revenue reserve* – the net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve. This is available for paying dividends on the Income shares.

(j) Transfer of capital and revenue

All net revenue of the Company attributable to the Growth Portfolio is, immediately following recognition in accordance with the Company's accounting policies, reallocated, applied and transferred to, and treated as revenue attributable to, the Income Portfolio. Contemporaneously with any such reallocation, application and transfer of any revenue to the Income Portfolio, such assets comprising part of the Income Portfolio as have a value equal to the net revenue so reallocated, applied and transferred shall be reallocated, applied, transferred and treated as capital attributable to the Growth Portfolio.

2. Segmental analysis

The Company carries on business as an investment trust and manages two separate portfolios of assets: the Income Portfolio and the Growth Portfolio.

The Company's Income Statement, on page 49, can be analysed as follows. This has been disclosed to assist shareholders' understanding, but this analysis is additional to that required by FRS 102:

Year ended 31 May 2019

	Notes	Income Portfolio			Growth Portfolio			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	10	-	(465)	(465)	-	(415)	(415)	-	(880)	(880)
Foreign exchange losses		-	(8)	(8)	-	-	-	-	(8)	(8)
Income	3	2,635	-	2,635	1,020	-	1,020	3,655	-	3,655
Investment management and performance fees	4	(159)	(311)	(470)	(93)	(629)	(722)	(252)	(940)	(1,192)
Other expenses	5	(217)	-	(217)	(278)	-	(278)	(495)	-	(495)
Return on ordinary activities before finance costs and tax		2,259	(784)	1,475	649	(1,044)	(395)	2,908	(1,828)	1,080
Finance costs	6	(44)	(65)	(109)	-	-	-	(44)	(65)	(109)
Return on ordinary activities before tax		2,215	(849)	1,366	649	(1,044)	(395)	2,864	(1,893)	971
Tax on ordinary activities	7	(21)	-	(21)	(3)	-	(3)	(24)	-	(24)
Return⁽¹⁾	9	2,194	(849)	1,345	646	(1,044)	(398)	2,840	(1,893)	947

⁽¹⁾ Any net revenue return attributable to the Growth Portfolio is transferred to the Income Portfolio and a corresponding transfer of an identical amount of capital is made from the Income Portfolio to the Growth Portfolio and accordingly the whole return in the Growth Portfolio is capital. Refer to the Statement of Changes in Equity.

2. Segmental analysis (continued)

Year ended 31 May 2018

	Notes	Income Portfolio			Growth Portfolio			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	-	(512)	(512)	-	7,070	7,070	-	6,558	6,558
Foreign exchange losses		-	(1)	(1)	-	-	-	-	(1)	(1)
Income	3	2,920	-	2,920	985	-	985	3,905	-	3,905
Investment management and performance fees	4	(161)	(241)	(402)	(88)	(608)	(696)	(249)	(849)	(1,098)
Other expenses	5	(216)	-	(216)	(260)	-	(260)	(476)	-	(476)
Return on ordinary activities before finance costs and tax		2,543	(754)	1,789	637	6,462	7,099	3,180	5,708	8,888
Finance costs	6	(44)	(66)	(110)	-	-	-	(44)	(66)	(110)
Return on ordinary activities before tax		2,499	(820)	1,679	637	6,462	7,099	3,136	5,642	8,778
Tax on ordinary activities	7	(21)	-	(21)	(6)	-	(6)	(27)	-	(27)
Return ⁽¹⁾	9	2,478	(820)	1,658	631	6,462	7,093	3,109	5,642	8,751

⁽¹⁾ Any net revenue return attributable to the Growth Portfolio is transferred to the Income Portfolio and a corresponding transfer of an identical amount of capital is made from the Income Portfolio to the Growth Portfolio and accordingly the whole return in the Growth Portfolio is capital. Refer to the Statement of Changes in Equity.

3. Income

	2019			2018		
	Income Portfolio £'000	Growth Portfolio £'000	Total £'000	Income Portfolio £'000	Growth Portfolio £'000	Total £'000
Income from listed and quoted investments⁽¹⁾						
UK dividend income	1,483	918	2,401	1,379	855	2,234
Overseas dividends	1,143	82	1,225	1,535	124	1,659
Interest on fixed interest securities	-	-	-	2	-	2
	2,626	1,000	3,626	2,916	979	3,895
Other income⁽²⁾						
Deposit interest	9	20	29	4	6	10
Total income	2,635	1,020	3,655	2,920	985	3,905
Total income comprises:						
Dividends	2,626	1,000	3,626	2,914	979	3,893
Other income	9	20	29	6	6	12
	2,635	1,020	3,655	2,920	985	3,905

⁽¹⁾ All investments have been designated as fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

⁽²⁾ Other income on financial assets not designated as fair value through profit or loss.

4. Investment management and performance fees

Year ended 31 May 2019

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	159	238	397	93	372	465	252	610	862
Performance fee	-	73	73	-	257	257	-	330	330
	159	311	470	93	629	722	252	940	1,192

Year ended 31 May 2018

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	161	241	402	88	353	441	249	594	843
Performance fee	-	-	-	-	255	255	-	255	255
	161	241	402	88	608	696	249	849	1,098

The Company's manager is BMO Investment Business Limited. BMO Investment Business Limited receives an investment management fee comprising a base fee and, if certain conditions are met, a performance fee.

The base fee is a management fee at the rate of 0.65% per annum of the total assets of each Portfolio payable quarterly in arrears, subject to being reduced to 0.325% per annum on any assets which are invested in other investment vehicles managed by the Manager.

For the purposes of the revenue and capital columns in the Income Statement, the management fee has been allocated 60% to capital and 40% to revenue in the Income Portfolio. In respect of the Growth Portfolio, the management fee has been charged 80% to capital and 20% to revenue.

A performance fee may be payable annually and is equal to 10% of the monetary amount by which the adjusted total return of the relevant Portfolio over that year (after all costs and expenses excluding the performance fee) exceeds the total return on the FTSE All-Share Index (in each case with dividends reinvested).

The performance fee payable in respect of any one year is capped at 0.35% of the total assets of the relevant Portfolio and is charged wholly to capital.

In the event that a Portfolio has outperformed the benchmark index such that a performance fee would be payable as described above, but the NAV per share for the relevant Portfolio at the end of the financial period is less than the NAV per share at the start of the financial period, (the "Watermark NAV") payment of the performance fee in respect of that financial period is deferred until the end of the next financial year when the NAV per share for the relevant Portfolio is in excess of the Watermark NAV. If the Watermark NAV is not reached by the end of the fourth financial year subsequently, it will no longer be payable. Any underperformance of the relevant Portfolio in relation to the FTSE All-Share Index in any financial year must be made up in any subsequent financial year before any performance fee is payable, thereby creating a "high watermark" for the relative performance against the FTSE All-Share Index.

4. Investment management and performance fees (continued)

At 31 May 2019 the adjusted total return of the Income Portfolio for the period since 31 May 2016 (being the date a performance fee was last payable) exceeded that of the FTSE All-Share Index and a performance fee of £73,000 has been recognised (2018: £nil). As the NAV per Income share is greater than the Watermark NAV of 114.98p (NAV per Income share at 31 May 2016) this amount is now payable.

At 31 May 2019 the adjusted total return of the Growth Portfolio since 31 May 2018, (being the date a performance fee was last payable), exceeded that of the FTSE All-Share Index and a performance fee of £277,000 has been calculated. However, as the performance fee is capped at 0.35% of total assets of the relevant Portfolio, the fee has been scaled back, in line with the cap, and an amount of £257,000 has been recognised. As the NAV per Growth share is less than the Watermark NAV of 206.23p (NAV per Growth share at 31 May 2018) payment shall be deferred as described earlier. In the prior year the performance fee was also capped at 0.35% of total assets of the Growth Portfolio (2018: £255,000). The excess outperformance above the cap was carried forward to the current year.

Details of outstanding management fees at 31 May 2019 are included in note 12.

The investment management agreement between the Company and BMO Investment Business Limited is terminable by either party on six months' notice. The Company may terminate the agreement early upon payment of an amount equal to the base fee which would have been payable had the notice period been complied with, plus any performance fee accrued at termination.

5. Other expenses

	2019			2018		
	Income Portfolio £'000	Growth Portfolio £'000	Total £'000	Income Portfolio £'000	Growth Portfolio £'000	Total £'000
Auditor's remuneration for:						
- statutory audit ⁽¹⁾	10	13	23	10	13	23
- other services (non-audit) ⁽²⁾	1	2	3	-	-	-
Directors' fees	47	61	108	42	49	91
Secretarial fees	44	56	100	45	53	98
Marketing	28	35	63	32	38	70
Printing and postage	23	29	52	25	30	55
Registrars' fees	14	13	27	13	15	28
Custody and depositary fees	10	12	22	9	11	20
Other expenses including listing fees and legal fees	40	57	97	40	51	91
	217	278	495	216	260	476

All expenses are stated gross of irrecoverable VAT, where applicable.

⁽¹⁾ Auditor's remuneration for audit services, exclusive of VAT, amounts to £19,500 (2018: £19,500).

⁽²⁾ Auditor's remuneration for non-audit services, exclusive of VAT, amounts to £2,500 in relation to the review of the 2018 share conversion calculation.

The Manager, BMO Investment Business Limited, receives a secretarial and administrative fee of £83,422 per annum (2018: £81,450), subject to annual changes in line with the Consumer Price Index. During the year the Company has incurred secretarial and administrative fees, inclusive of irrecoverable VAT, of £100,000 (2018: £98,000), of which £25,000 (2018: £24,000) is payable to BMO Investment Business Limited at the year end.

The emoluments of the Chairman, the highest paid Director, were at the rate of £27,500 per annum. Full details are provided in the Directors' Remuneration Report.

6. Finance costs

Year ended 31 May 2019

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank borrowings	44	65	109	-	-	-	44	65	109

Year ended 31 May 2018

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank borrowings	44	66	110	-	-	-	44	66	110

Interest payable on bank borrowings has been allocated 60% to capital and 40% to revenue in the Income Portfolio and 80% to capital and 20% to revenue in the Growth Portfolio.

7. (a) Tax on ordinary activities

Year ended 31 May 2019

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax charge for the year (all irrecoverable overseas tax) being taxation on ordinary activities	21	-	21	3	-	3	24	-	24

Year ended 31 May 2018

	Income Portfolio			Growth Portfolio			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax charge for the year (all irrecoverable overseas tax) being taxation on ordinary activities	21	-	21	6	-	6	27	-	27

7. (b) Reconciliation of tax charge

The tax charge for the year is lower than the standard rate of corporation tax in the UK for an investment company of 19% (2018: 19%).

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Return/(loss) on ordinary activities before tax:	1,366	(395)	971	1,679	7,099	8,778
Corporation tax at standard rate of 19% (2018: 19%)	260	(75)	185	319	1,349	1,668
Effects of:						
Losses/(gains) on investments not taxable	90	79	169	97	(1,343)	(1,246)
Overseas tax suffered	21	3	24	21	6	27
Non taxable UK dividend income	(241)	(174)	(415)	(235)	(162)	(397)
Non taxable overseas dividend income	(217)	(16)	(233)	(292)	(24)	(316)
Expenses not utilised	108	186	294	111	180	291
Current year tax charge (note 7(a))	21	3	24	21	6	27

As at 31 May 2019, the Company had unutilised expenses of £9,690,000 (2018: £8,153,000). The deferred tax asset of £1,841,100 (2018: £1,549,000) in respect of unutilised expenses at 31 May 2019 has not been recognised as it is unlikely that there will be taxable profits from which the future reversal of the deferred tax asset could be deducted.

8. Dividends

	Register Date	Payment Date	2019 Income Shares Total £'000	2018 Income Shares Total £'000
Dividends on Income shares				
Amounts recognised as distributions to shareholders during the year:				
For the year ended 31 May 2018				
- fourth interim dividend of 1.8p per Income share (2017: 1.7p)	29 June 2018	13 July 2018	775	716
- special dividend of 0.8p per Income share (2017: n/a)	29 June 2018	13 July 2018	344	-
For the year ended 31 May 2019				
- first interim dividend of 1.35p per Income share (2018: 1.3p)	14 September 2018	5 October 2018	581	550
- second interim dividend of 1.35p per Income share (2018: 1.3p)	14 December 2018	11 January 2019	580	550
- third interim dividend of 1.35p per Income share (2018: 1.3p)	22 March 2019	12 April 2019	584	554
			2,864	2,370
Amounts relating to the year but not paid at the year end:				
- fourth interim dividend of 1.9p per Income share ⁽¹⁾ (2018: 1.8p)	21 June 2019	12 July 2019	831	775
- special dividend - n/a (2018: 0.8p)	n/a	n/a	-	344

The Growth shares do not carry an entitlement to receive dividends.

The dividends paid and payable in respect of the financial year ended 31 May 2019, which form the basis of the retention test under Chapter 4, Part 24 of the Corporation Taxes Act 2010 are as follows:

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividends for the year	2,840	3,109
First interim dividend of 1.35p per Income share in respect of the year ended 31 May 2019 (2018: 1.3p)	(581)	(550)
Second interim dividend of 1.35p per Income share in respect of the year ended 31 May 2019 (2018: 1.3p)	(580)	(550)
Third interim dividend of 1.35p per Income share in respect of the year ended 31 May 2019 (2018: 1.3p)	(584)	(554)
Fourth interim dividend of 1.9p per Income share ⁽¹⁾ in respect of the year ended 31 May 2019 (2018: 1.8p)	(831)	(775)
Special dividend of n/a in respect of the year ended 31 May 2019 (2018: 0.8p)	-	(344)
Revenue reserve transfer	264	336

⁽¹⁾ Based on 43,720,705 Income shares in issue at the record date of 21 June 2019.

9. Return per share

The return per share is as follows:

Year ended 31 May 2019

	Income Shares			Growth Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return attributable to Portfolios	2,194	(849)	1,345	646	(1,044)	(398)
Transfer of net income from Growth Portfolio to Income Portfolio	646	-	646	(646)	-	(646)
Transfer of capital from Income Portfolio to Growth Portfolio	-	(646)	(646)	-	646	646
Return attributable to shareholders	2,840	(1,495)	1,345	-	(398)	(398)
Return per share	6.59p	(3.47p)	3.12p	-	(1.12p)	(1.12p)
Weighted average number of shares in issue during the year (excluding shares held in treasury)	43,089,136			35,541,265		

Year ended 31 May 2018

	Income Shares			Growth Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return attributable to Portfolios	2,478	(820)	1,658	631	6,462	7,093
Transfer of net income from Growth Portfolio to Income Portfolio	631	-	631	(631)	-	(631)
Transfer of capital from Income Portfolio to Growth Portfolio	-	(631)	(631)	-	631	631
Return attributable to shareholders	3,109	(1,451)	1,658	-	7,093	7,093
Return per share	7.32p	(3.42p)	3.90p	-	20.45p	20.45p
Weighted average number of shares in issue during the year (excluding shares held in treasury)	42,451,199			34,687,229		

10. Investments

All investments held in the Income Portfolio and Growth Portfolio have been classified as "at fair value through profit or loss" and all changes in fair value arise in respect of these investments only.

FRS 102 requires an analysis of investments valued at fair value based on the subjectivity and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – investments whose value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets; and
- Level 3 – investments whose value is not based on observable market data.

In the year to 31 May 2019, all of the Company's investments were classified as Level 1. In the prior year to 31 May 2018, all of the Company's investments were also classified as Level 1.

10. Investments (continued)

Year ended 31 May 2019

	Level 1			Total £'000
	Listed in the UK £'000	Listed Overseas £'000	Quoted on AIM/SFS £'000	
Income Shares				
Opening book cost	43,000	2,198	2,516	47,714
Opening fair value adjustment	11,491	1,400	650	13,541
Opening valuation	54,491	3,598	3,166	61,255
Movements in the year:				
Transfer from Listed Overseas to Listed in the UK				
- cost	1,324	(1,324)	-	-
- fair value adjustment	401	(401)	-	-
Purchases at cost	1,451	1,299	2,849	5,599
Sales - proceeds	(5,068)	-	-	(5,068)
- gains on sales based on historical cost	173	-	-	173
Increase/(decrease) in fair value adjustment	211	221	(1,070)	(638)
Closing valuation at 31 May 2019	52,983	3,393	4,945	61,321
Closing book cost	40,880	2,173	5,365	48,418
Closing fair value adjustment	12,103	1,220	(420)	12,903
Closing valuation at 31 May 2019	52,983	3,393	4,945	61,321

During the year the Income Portfolio incurred transaction costs on purchases of £22,000 (2018: £38,000) and transaction costs on sales of £3,000 (2018: £5,000).

10. Investments (continued)

Year ended 31 May 2019

	Level 1		Total £'000
	Listed in the UK £'000	Listed Overseas £'000	
Growth Shares			
Opening cost	40,619	919	41,538
Opening fair value adjustment	28,126	247	28,373
Opening valuation	68,745	1,166	69,911
Movements in the year:			
Purchases at cost	7,205	-	7,205
Sales – proceeds	(6,705)	(1,053)	(7,758)
– gains on sales based on historical cost	3,465	134	3,599
Decrease in fair value adjustment	(3,767)	(247)	(4,014)
Closing valuation at 31 May 2019	68,943	-	68,943
Closing book cost	44,584	-	44,584
Closing fair value adjustment	24,359	-	24,359
Closing valuation at 31 May 2019	68,943	-	68,943

During the year the Growth Portfolio incurred transaction costs on purchases of £24,000 (2018: £33,000) and transaction costs on sales of £4,000 (2018: £3,000).

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Equity shares	61,321	68,943	130,264	61,255	69,911	131,166
	61,321	68,943	130,264	61,255	69,911	131,166

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Gains on sales in the year	173	3,599	3,772	2,478	1,045	3,523
Movement in fair value of investments held	(638)	(4,014)	(4,652)	(2,990)	6,025	3,035
(Losses)/gains on investments	(465)	(415)	(880)	(512)	7,070	6,558

11. Debtors

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Accrued income	195	38	233	143	40	183
Other debtors and prepayments	97	9	106	117	22	139
	292	47	339	260	62	322

The carrying value of the balances above approximates to fair value. There are no amounts which were past due or impaired at the year end (2018: £nil).

12. Creditors:

Amounts falling due within one year

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Management fee accrued	102	116	218	102	116	218
Performance fee provision	73	-	73	-	255	255
Secretarial fee accrued	11	14	25	11	13	24
Other accruals	55	61	116	57	58	115
Due to brokers	-	-	-	-	203	203
	241	191	432	170	645	815

Amounts falling due in more than one year

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
£5 million fixed term loan maturing 10 February 2022	5,000	-	5,000	5,000	-	5,000
Performance fee provision	-	257	257	-	-	-
	5,000	257	5,257	5,000	-	5,000

Effective from 10 February 2017, the Company entered into a £5 million five year fixed term loan and a two year £2 million revolving credit facility agreement with The Royal Bank of Scotland plc ("RBS"). During the year this agreement was novated to The Royal Bank of Scotland International Limited. £5 million of the fixed term loan was drawn down as at 31 May 2019 (2018: £5 million). The interest rate on the amount drawn down is fixed at 2.03% per annum. The revolving credit facility expired on 10 February 2019 and was not renewed. £nil of the revolving credit facility was drawn down at the previous year-end of 31 May 2018.

Under the covenants which relate to the facility, the Company is required to ensure that at all times:

- gross borrowings of the Company do not exceed 20% of the adjusted portfolio value; and
- net tangible assets are not less than £50 million.

The Company met all covenant conditions during the year.

13. Share capital

Allotted, issued and fully paid

	Listed		Held in Treasury		In Issue	
	Number	£'000	Number	£'000	Number	£'000
Income shares of 10p each						
Balance at 1 June 2018	43,055,035	4,306	-	-	43,055,035	4,306
Share conversion:						
- Income to Growth	(242,448)	(24)	-	-	(242,448)	(24)
- Growth to Income	58,118	5	-	-	58,118	5
Issued	850,000	85	-	-	850,000	85
Balance at 31 May 2019	43,720,705	4,372	-	-	43,720,705	4,372

	Deferred shares - Income	
	Number	£'000
Deferred shares - Income		
Balance at 1 June 2018	-	-
Issue of 242,448 shares of £0.0237601 each	242,448	6
Repurchase of 242,448 shares of £0.0237601 each for cancellation	(242,448)	(6)
Balance at 31 May 2019	-	-
Total called-up share capital		4,372

During the year the Company issued 850,000 (2018: 520,000) Income shares from the block listing facility for net proceeds of £1,129,000 (2018: £708,000) and resold out of treasury nil (2018: 430,000) Income shares, receiving net proceeds of £nil (2018: £600,000). At 31 May 2019, the Company held no Income shares in treasury (2018: nil).

During the year, valid conversion notices were received to convert 242,448 Income shares. These were converted into 155,064 Growth shares in accordance with the Company's Articles and by reference to the ratio of the relative underlying net asset values of the Growth shares and Income shares on the conversion date.

The Company's Articles allow for Deferred shares to be allotted as part of the share conversion to ensure that the conversion does not result in a reduction of the aggregate par value of the Company's issued share capital. The Deferred shares issued as part of the share conversion in the current year are set out above. The Deferred shares were subsequently repurchased by the Company for nil consideration (as they have no economic value) and as authorised by shareholders at the 2018 AGM.

13. Share capital (continued)

	Listed		Held in Treasury		In Issue	
	Number	£'000	Number	£'000	Number	£'000
Growth shares of 10p each						
Balance at 1 June 2018	35,167,037	3,517	-	-	35,167,037	3,517
Share conversion:						
- Income to Growth	(37,172)	(3)	-	-	(37,172)	(3)
- Growth to Income	155,064	15	-	-	155,064	15
Purchased for treasury	-	-	(75,000)	(8)	(75,000)	(8)
Resold from treasury	-	-	75,000	8	75,000	8
Issued	350,000	34	-	-	350,000	34
Balance at 31 May 2019	35,634,929	3,563	-	-	35,634,929	3,563
					Deferred shares – Growth	
					Number	£'000
Deferred shares – Growth						
Balance at 1 June 2018					-	-
Issue of 37,172 shares of £0.0237601 each					37,172	1
Repurchase of 37,172 shares of £0.0237601 each for cancellation					(37,172)	(1)
Balance at 31 May 2019					-	-
Total called-up share capital						3,563
Company Total	79,355,634	7,935	-	-	79,355,634	7,935

During the year, the Company issued 350,000 (2018: 815,000) Growth shares from the block listing facility for net proceeds of £746,000 (2018: £1,611,000). During the year, the Company bought back 75,000 (2018: nil) Growth shares for treasury at a cost of £149,000 (2018: nil) and resold out of treasury 75,000 (2018: nil) Growth shares, receiving net proceeds of £157,000 (2018: nil). At 31 May 2019, the Company held no Growth shares in treasury (2018: nil).

During the year, valid conversion notices were received to convert 37,172 Growth shares. These were converted into 58,118 Income shares in accordance with the Company's Articles and by reference to the ratio of the relative underlying net asset values of the Growth shares and Income shares on the conversion date.

The Company's Articles allow for Deferred shares to be allotted as part of the share conversion to ensure that the conversion does not result in a reduction of the aggregate par value of the Company's issued share capital. The Deferred shares issued as part of the share conversion in the current year are set out above. The Deferred shares were subsequently repurchased by the Company for nil consideration (as they have no economic value) and as authorised by shareholders at the 2018 AGM.

Shareholder entitlements

The Company has two classes of shares: Income shares and Growth shares.

The entitlements of the Income shares and the Growth shares are set out in the Capital Structure section on page 84 of this report.

14. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
Income Shares						
At 1 June 2018	22,597	-	19,371	(4,127)	13,541	2,562
Gains/(losses) on investments	-	-	-	173	(638)	-
Issuance of Income shares	1,044	-	-	-	-	-
Share conversion	62	24	(305)	-	-	-
Buyback of deferred shares for cancellation	-	6	-	-	-	-
Management fees charged to capital	-	-	-	(238)	-	-
Performance fees charged to capital	-	-	-	(73)	-	-
Interest charged to capital	-	-	-	(65)	-	-
Foreign exchange losses	-	-	-	(8)	-	-
Transfer of net income from Growth Portfolio to Income Portfolio	-	-	-	-	-	646
Transfer of capital from Income Portfolio to Growth Portfolio	-	-	-	(646)	-	-
Net revenue for the year	-	-	-	-	-	2,194
Dividends paid	-	-	-	-	-	(2,864)
At 31 May 2019	23,703	30	19,066	(4,984)	12,903	2,538

	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
Growth Shares						
At 1 June 2018	20,408	182	17,190	2,855	28,373	-
Gains/(losses) on investments	-	-	-	3,599	(4,014)	-
Growth shares resold from treasury	8	-	149	-	-	-
Issuance of Growth shares	712	-	-	-	-	-
Share conversion	289	3	(73)	-	-	-
Buyback of deferred shares for cancellation	-	1	-	-	-	-
Buybacks for treasury	-	-	(149)	-	-	-
Management fees charged to capital	-	-	-	(372)	-	-
Performance fees charged to capital	-	-	-	(257)	-	-
Transfer of net income from Growth Portfolio to Income Portfolio	-	-	-	-	-	(646)
Transfer of capital from Income Portfolio to Growth Portfolio	-	-	-	646	-	-
Net revenue for the year	-	-	-	-	-	646
At 31 May 2019	21,417	186	17,117	6,471	24,359	-

14. Reserves (continued)

Capital management

The Company's capital is represented by the issued share capital, share premium account, capital redemption reserve, special reserve, capital reserve – investments sold, capital reserve – investments held and revenue reserve. Details of the movement through each reserve are shown on the preceding page. The Company is not subject to any externally imposed capital requirements. The nature of the reserves are explained in note 1(i) on pages 56 and 57.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Strategic Report.

15. Net asset value per share

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

Year ended 31 May 2019

	Net asset value per share		Net asset value attributable	
	Income Shares pence	Growth Shares pence	Income Shares £'000	Growth Shares £'000
Basic	131.81p	205.17p	57,628	73,113

Year ended 31 May 2018

	Net asset value per share		Net asset value attributable	
	Income Shares pence	Growth Shares pence	Income Shares £'000	Growth Shares £'000
Basic	135.29p	206.23p	58,250	72,525

The net asset value per Income share is calculated on net assets of £57,628,000 (2018: £58,250,000), divided by 43,720,705 (2018: 43,055,035) Income shares, being the number of Income shares in issue at the year end (excluding any shares held in treasury).

The net asset value per Growth share is calculated on net assets of £73,113,000 (2018: £72,525,000), divided by 35,634,929 (2018: 35,167,037) Growth shares, being the number of Growth shares in issue at the year end (excluding any shares held in treasury).

16. Reconciliation of return on ordinary activities before tax to net cash outflow from operations

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Return on ordinary activities before tax	1,366	(395)	971	1,679	7,099	8,778
Adjust for returns from non-operating activities:						
Losses/(gains) on investments	465	415	880	512	(7,070)	(6,558)
Exchange losses	8	-	8	1	-	1
Return from operating activities	1,839	20	1,859	2,192	29	2,221
Decrease in prepayments	9	13	22	1	3	4
Increase/(decrease) in creditors	71	6	77	(3)	231	228
Withholding tax suffered	(17)	(3)	(20)	(44)	(8)	(52)
Dividend income	(2,626)	(1,000)	(3,626)	(2,914)	(979)	(3,893)
Interest income	(9)	(20)	(29)	(6)	(6)	(12)
Interest expense	109	-	109	110	-	110
Net cash outflows from operations before dividends and interest	(624)	(984)	(1,608)	(664)	(730)	(1,394)

17. Financial instruments

The Company's financial instruments comprise its investment portfolios, cash balances, bank borrowings and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective.

Listed and quoted fixed asset investments held (see note 10) are valued at fair value.

The fair value of the financial assets and liabilities of the Company at 31 May 2019 and 31 May 2018 is not materially different from their carrying value in the financial statements.

The main risks that the Company faces arising from its financial instruments are:

- (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;
- (ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;
- (iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;
- (iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and
- (v) liquidity risk, being the risk that the Company may not be able to liquidate its investments quickly or otherwise raise funds to meet financial commitments.

The Company held the following categories of financial instruments as at 31 May:

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Financial instruments						
Investment portfolio – Level 1 (refer to note 10)	61,321	68,943	130,264	61,255	69,911	131,166
Cash at bank and on deposit	1,256	4,571	5,827	1,905	3,197	5,102
Accrued income	195	38	233	143	40	183
Financial liabilities						
Other creditors and accruals	241	448	689	170	645	815
Fixed term loan	5,000	–	5,000	5,000	–	5,000

18. Market price risk

The management of market price risk is part of the fund management process and is typical of equity and debt investment. The Portfolios are managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Further information on the investment portfolios is set out on pages 24 to 27.

If the investment portfolio valuation fell by 10% at 31 May 2019, the impact on the profit or loss and the net asset value would have been negative £6.1 million (Income shares) (2018: negative £6.1 million (Income shares)) and negative £6.9 million (Growth shares) (2018: negative £7.0 million (Growth shares)). If the investment portfolio valuation rose by 10% at 31 May 2019, the effect would have been equal and opposite (2018: equal and opposite). The calculations are based on the portfolio valuation as at the respective Balance Sheet dates, are not representative of the period as a whole and may not be reflective of future market conditions.

19. Interest rate risk

The exposure of the financial assets and liabilities to interest rate movements as at 31 May was:

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Exposure to floating rates:						
Cash	1,256	4,571	5,827	1,905	3,197	5,102
Net exposure	1,256	4,571	5,827	1,905	3,197	5,102
Maximum net exposure during the year	2,546	5,139		2,904	3,197	
Minimum net exposure during the year	529	946		522	499	

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising from the investment and risk management processes. If interest rates rose by 0.5%, the impact on the profit and loss and the net asset value would have been on the Income shares an increase of £6,000 (2018: increase of £10,000) and on the Growth shares an increase of £23,000 (2018: increase of £16,000). If interest rates fell by 0.5%, the effect would have been equal and opposite. The calculations are based on the financial assets and liabilities held and the interest rates ruling at each Balance Sheet date and are not representative of the year as a whole.

Floating rate

When the Company retains cash balances the majority of the cash is held in variable rate bank accounts yielding rates of interest linked to the UK base rate which was 0.75% at 31 May 2019 (2018: 0.5%). There are no other assets which are directly exposed to floating interest rate risk.

Fixed rate

Movements in market interest rates will affect the market value of fixed interest investments. Refer to the market price risk note 18.

Neither the Income Portfolio nor the Growth Portfolio holds any fixed interest investments and accordingly no sensitivity analysis has been presented.

The Company has a £5 million fixed rate loan with an interest rate of 2.03% per annum.

Non-interest bearing investments

The Company's non-interest bearing investments are its equity investments which had a value of £61,321,000 (2018: £61,255,000) for the Income Portfolio and £68,943,000 (2018: £69,911,000) for the Growth Portfolio.

20. Foreign currency risk

The Company may invest in overseas securities which give rise to currency risks. At 31 May, direct foreign currency exposure was:

	2019			2018		
	Income Shares Investments £'000	Growth Shares Investments £'000	Total £'000	Income Shares Investments £'000	Growth Shares Investments £'000	Total £'000
Swiss Franc	3,393	-	3,393	1,873	-	1,873
Euro	1,698	-	1,698	1,737	-	1,737
	5,091	-	5,091	3,610	-	3,610

If the value of sterling had weakened against the Swiss Franc by 10%, the impact on the profit or loss and the net asset value would have been an increase of £339,000 (Income shares) (2018: £187,000 (Income shares)). If the value of sterling had strengthened against the Swiss Franc by 10% the effect would have been equal and opposite.

If the value of sterling had weakened against the Euro by 10%, the impact on the profit or loss and the net asset value would have been an increase of £170,000 (Income shares) (2018: £174,000). If the value of sterling had strengthened against the Euro by 10% the effect would have been equal and opposite.

As the remainder of the Company's investments and all other assets and liabilities are denominated in sterling there is no other direct foreign currency risk. However, although the Company's performance is measured in sterling and the Company's investments (other than the above) are denominated in sterling, a proportion of their underlying assets are quoted in currencies other than sterling. Therefore movements in the rates of exchange between sterling and other currencies may affect the market price of the Company's investment portfolios and therefore the market price risk note 18 includes an element of currency exposure.

21. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the Balance Sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2019			2018		
	Income Shares £'000	Growth Shares £'000	Total £'000	Income Shares £'000	Growth Shares £'000	Total £'000
Cash at bank and on deposit	1,256	4,571	5,827	1,905	3,197	5,102
Accrued income	195	38	233	143	40	183
	1,451	4,609	6,060	2,048	3,237	5,285

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the acceptable credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are traded on a recognised exchange are held by JPMorgan Chase Bank, the Company's Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the Custodian's internal control reports as described in the Report of the Audit Committee.

The credit risk on liquid funds is controlled because the counterparties are banks with acceptable credit ratings, normally rated A or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

22. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given that the Company's listed and quoted securities are considered to be readily realisable.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Report of the Directors. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses which are settled in accordance with suppliers stated terms. The Company has a £5 million fixed term loan, maturing 10 February 2022 with The Royal Bank of Scotland International Limited. It also had a £2 million revolving credit facility agreement which expired on 10 February 2019 and was not renewed. As at 31 May 2019, £5 million of the fixed term loan was drawn down (2018: £5 million). The interest rate on the fixed rate loan, which is fully drawn, is 2.03% per annum.

The contractual maturities of the financial liabilities at each Balance Sheet date, based on the earliest date on which payment can be required, were as follows:

	One month or less £'000s	More than one month but less than one year £'000s	More than one year £'000s	Total £'000s
2019				
Income shares				
Liabilities				
Bank borrowing (Fixed term loan)	-	-	5,000	5,000
Other creditors	241	-	-	241
	241	-	5,000	5,241
Growth shares				
Liabilities				
Other creditors	191	-	257	448
	191	-	257	448
Total	432	-	5,257	5,689

22. Liquidity risk (continued)

2018	One month or less £'000s	More than one month but less than one year £'000s	More than one year £'000s	Total £'000s
Income shares				
Liabilities				
Bank borrowing (Fixed term loan)	-	-	5,000	5,000
Other creditors	170	-	-	170
	170	-	5,000	5,170
Growth shares				
Current liabilities				
Other creditors	645	-	-	645
	645	-	-	645
Total	815	-	5,000	5,815

23. Related parties and Transactions with the Manager

The Board of Directors (the '**Board**') is considered a related party. There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 40 to 42 and as set out in note 5 to the financial statements. The beneficial interests of the Directors in the Income shares and Growth shares of the Company are disclosed on page 41. There are no outstanding balances with the Board at the year end.

Ms S P Inglis is also a non-executive director of The Bankers Investment Trust. The Income Portfolio has a holding of 173,047 shares in this company valued at £1,528,000 at 31 May 2019.

Transactions between the Company and the Manager are detailed in note 4 on investment management and performance fees, note 5 and note 12 on fees owed to the Manager at the Balance Sheet date. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

AIFMD Disclosures

Alternative Investment Fund Managers Directive ('AIFMD')

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, BMO Investment Business Limited, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from BMO GAM on request.

The Company's maximum and average actual leverage levels at 31 May 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	100%	104%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures to investors in accordance with the AIFM Directive are contained on the Company's website under Key Documents.



'Since launch on 16 April 2008, the NAV total return for the Income shares and Growth shares is +123.2% and +109.4% respectively outperforming the +91.6% total return from the Company's benchmark'

Notice of Annual General Meeting

Notice is hereby given that the eleventh Annual General Meeting of BMO Managed Portfolio Trust PLC will be held at Exchange House, Primrose Street, London EC2A 2NY on Monday 23 September 2019 at 12.30pm for the following purposes. To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 14 as Special Resolutions:

Ordinary Resolutions

1. That the Annual Report and Financial Statements for the year to 31 May 2019 be received.
2. That the Annual Report on Directors' Remuneration for the year to 31 May 2019 be approved.
3. That David Harris, who retires annually, be re-elected as a Director.
4. That Susan P Inglis, who retires annually, be re-elected as Director.
5. That Colin S McGill, who retires annually, be re-elected as a Director.
6. That Alistair G Stewart, who retires annually, be re-elected as a Director.
7. That David Warnock be elected as a Director.
8. That KPMG LLP be re-appointed as auditor and the Directors be authorised to determine its remuneration.
9. That the Company's dividend policy with regard to quarterly payments as set out in the Annual Report and Financial Statements be approved.
10. Authority to allot shares

That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £441,200 in respect of Income shares and £356,300 in respect of Growth shares, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months

from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

Special Resolutions

11. Authority to allot shares without rights of pre-emption

That, subject to the passing of Resolution 10, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date of the passing of this resolution, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act, provided that for the purposes of this resolution an allotment of equity securities shall be deemed not to include the sale of shares in the Company that immediately before the sale are held by the Company as treasury shares) for cash pursuant to the authority given by Resolution 10 as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

- (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
- (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £441,200 in respect of Income shares and £356,300 in respect of Growth shares (being approximately 10.0% of the nominal value of the issued Income share capital of the Company, and approximately 10.0% of the nominal value of the issued Growth share capital of the Company as at 29 July 2019) at a price of not less than the net asset value per share of the existing Income shares (in the case of an allotment of Income shares) or Growth shares (in the case of an allotment of Growth shares).

12. Authority to buy-back shares

That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with Section 701 of the Companies Act 2006 (the “**Act**”) to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Income shares of 10p each in the share capital of the Company and Growth shares of 10p each in the share capital of the Company (“**Income shares and/or Growth shares**”) (either for retention as treasury shares for future reissue, resale or transfer, or cancellation), provided that:

- (a) the maximum aggregate number of Income shares and Growth shares hereby authorised to be purchased is 14.99% of the issued Income shares and 14.99% of the issued Growth shares (excluding Income shares and Growth shares held in treasury) immediately prior to the passing of this resolution⁽¹⁾;
- (b) the minimum price (excluding expenses) which may be paid for an Income share or Growth share is 10p;
- (c) the maximum price (excluding expenses) which may be paid for an Income share or Growth share shall not be more than the higher of:
 - i. 5% above the average closing price on the London Stock Exchange of an Income share or Growth share over the five business days immediately preceding the date of purchase; and
 - ii. the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and
- (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company’s next Annual General Meeting or on 23 December 2020 whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Income shares and/or Growth shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Income shares and/or Growth shares pursuant to any such contract.

13. Authority to sell treasury shares without rights of pre-emption

That the Directors of the Company be and they are hereby empowered pursuant to Section 573 of the Companies Act 2006 (the “**Act**”) to sell equity securities (within the meanings of

Section 560(1) and 560(2) of the Act) wholly for cash as if Section 561 of the Act did not apply to any such sale, provided that this power;

- (a) shall be limited to the sale of equity securities for cash out of treasury up to an aggregate nominal amount of £441,200 in respect of Income shares and £356,300 in respect of Growth shares at a price of not less than the net asset value per share of the Income shares (in the case of a sale of Income shares) or Growth shares (in the case of a sale of Growth shares); and
 - (b) shall expire on the earlier of 23 December 2020 and the conclusion of the Annual General Meeting of the Company to be held in 2020, unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.
14. That the proposed Purchase Contract (as defined in the annual report and financial statements published by the Company on 29 July 2019) to enable the Company to make off-market purchases of its own deferred shares pursuant to Sections 693 and 694 of the Companies Act 2006 in the form produced at the meeting and initialled by the Chairman, be and is hereby approved and the Company be and is hereby authorised to enter into, execute and perform such contract, but so that the approval and authority conferred by this resolution shall expire on the day immediately preceding the date which is 18 months after the passing of this resolution or, if earlier, the next Annual General Meeting of the Company.

**By order of the Board
For BMO Investment Business Limited
Company Secretary
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
29 July 2019**

⁽¹⁾ Following Resolution 12 becoming effective the maximum aggregate number of shares hereby authorised to be purchased shall be 6,613,600 Income shares and 5,341,600 Growth shares (or, if less, 14.99% of the number of Income shares and 14.99% of the Growth shares in issue (excluding treasury shares) immediately prior to the passing of this resolution)

Notes

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the duly executed enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the address shown on the proxy form not later than 48 hours (excluding non working days) before the time of the meeting or, in the case of an adjourned meeting, no later than 48 hours (excluding non working days) before the holding of that adjourned meeting (or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, no later than 24 hours (excluding non working days) before the time appointed for the taking of the poll). The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes.
2. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual and by logging on to www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID RA19) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 3 above do not apply to a Nominated Person. The rights described in this Note can only be exercised by registered members of the Company.
7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those holders of shares entered on the Register of Members of the Company as at 6.30pm on 19 September 2019 or, in the event that the meeting is adjourned, on the Register of Members as at 6.30pm on the day two business days prior to any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the entries on the Register of Members after 6.30pm on 19 September 2019 or, in the event that the meeting is adjourned, in the Register of Members as at 6.30pm on the day two business days prior to any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.
8. As at 29 July 2019 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 44,120,705 Income shares carrying one vote each and 35,634,929 Growth shares carrying one vote each. The Company holds nil Income shares and nil Growth shares in treasury. Therefore the total voting rights in the Company as at 29 July 2019 were 79,755,634 votes. A member present in person or by proxy shall have one vote on a show of hands. Any power of attorney or any other authority under which this proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. On a poll each Income shareholder and each Growth shareholder is entitled to a weighted vote determined in accordance with the underlying NAV of the relevant shares as specified in the Articles of Association. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
9. The proposed purchase contract referred to in Resolution 14 will be available for inspection at the Annual General Meeting. The proposed Purchase Contract will also be available at the Company's registered office from 15 days prior to the AGM.
10. No Director has a contract of service with the Company. The Directors' letters of appointment will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and from 15 minutes prior to, and during, the Annual General Meeting.
11. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from www.bmommanagedportfolio.com.
12. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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13. The members of the Company may require the Company to publish, on its website (without payment), a statement (which is also passed to the Company's auditor) setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG.
 14. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
 15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at Note 17 below, may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the Meeting to which the requests relate.
 16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at Note 17 below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than 6 weeks before the Meeting to which the requests relate.
 17. In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the Meeting (see Note 15); or (ii) a matter of business to be dealt with at the Meeting (see Note 16), the relevant request must be made by: (a) a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company; or (b) at least 100 members have a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital.



‘The Company’s shares provide investors access to a broadly diversified portfolio of investment companies, covering a variety of geographies, sectors and investment managers.’

Capital Structure At 31 May 2019

The Company has two classes of shares, Income shares and Growth shares, each with distinct investment objectives, investment policies and underlying investment portfolios. Both the Income shares and Growth shares are traded on the London Stock Exchange. There is no fixed ratio of Income shares to Growth shares and the relative sizes of the Income and Growth Portfolios may vary over time.

Neither the Income shares nor the Growth shares represent capital gearing for the other share class.

Dividends

Income shares are entitled to all dividends of the Company. It is expected that the Company will pay four quarterly dividends per financial year in October, January, April and July. The Growth shares do not carry an entitlement to receive dividends.

Any net income arising in the Growth Portfolio is transferred to the Income Portfolio, and a corresponding transfer of an identical amount made from the capital attributable to the Income Portfolio to the Growth Portfolio. It is expected that this will both benefit the income prospects of the Income shares and the capital growth prospects of the Growth shares.

Capital

The net asset value of the Income shares is based on the Income Portfolio and the net asset value of the Growth shares is based on the Growth Portfolio.

As a matter of law, the Company is a single entity and, while under the Articles of Association the assets of the Income Portfolio are separated for the benefit of the Income shareholders and the assets of the Growth Portfolio are separated for the benefit of the Growth shareholders, there is no distinction between the assets of the Income Portfolio and the Growth Portfolio as far as creditors of the Company are concerned.

On a return of assets, on a liquidation or otherwise, the surplus assets of the Company comprised in either of the Income Portfolio or the Growth Portfolio, after payment of all debts and satisfaction of all the liabilities associated with that Portfolio and any other relevant liabilities, shall be paid to the holders of the shares of the particular Portfolio and distributed amongst such holders rateably according to the amounts paid up on the relevant shares held by them respectively.

If, in the course of liquidation of the Company the assets attributable to a particular Portfolio are insufficient to satisfy the liabilities attributable to that Portfolio and that Portfolio's pro rata share of the Company's general liabilities, the outstanding liabilities shall be attributable to the other Portfolio.

Voting

At any general meeting of the Company, on a show of hands, each Income shareholder and each Growth shareholder shall have one vote and, upon a poll, a weighted vote determined in accordance with the underlying NAV of the relevant share as specified in the Articles.

At any class meeting of Income shareholders, on a show of hands, each Income shareholder shall have one vote and, upon a poll, one vote for each Income share held and at any class meeting of Growth shareholders, on a show of hands, each Growth shareholder shall have one vote and, upon a poll, one vote for each Growth share held.

Any material change to the investment policy of the Company will only be made with the prior class consent of shareholders of the class to which the change relates (where the proposed material change only relates to a particular class) and with the prior approval of the shareholders of the Company.

Voting of shares held in the savings plans

Since the launch of the Company, the majority of the Income shares and Growth shares in the Company have been held through the BMO savings plans which are administered by the Manager. The Manager does not have discretion to exercise any voting rights in respect of the shares held through the BMO savings plans. The shares are voted in accordance with the instructions of the underlying shareholders. The Manager has undertaken that, subject to any regulatory restrictions, it would operate a proportional voting system whereby, provided that the nominee company holding the shares received instructions to vote in respect of more than 10% of the shares held in the BMO savings plans, it would vote all the shares in respect of which it had not received instructions proportionately to those for which it had received instructions. Any shares held by the underlying holder in excess of 0.25% of the issued shares of the relevant class would not be counted for the purposes of pro rating the voting of non-directed shares. Any shares voted by an underlying shareholder in excess of the maximum limit would remain valid, but would not form part of the proportional voting basis.

Conversion between Income shares and Growth shares

Subject to certain minimum and maximum thresholds which may be set at the discretion of the Board, shareholders have the right to convert their Income shares into Growth shares and/or their Growth shares into Income shares upon certain dates, the next of which will be on 31 October 2019 and then annually or close to annually thereafter. Under current law, such conversions will not be treated as disposals for UK capital gains tax purposes.

Full details are provided in the Shareholder Information section on pages 85 and 86.

Shareholder Information

Conversion facility

Subject to certain minimum and maximum thresholds which may be set by the Board of BMO Managed Portfolio Trust PLC (the "Board") from time to time, shareholders have the right to convert their Income shares into Growth shares and/or their Growth shares into Income shares upon certain dates, the next of which will be 31 October 2019 and then annually or close to annually thereafter (subject to the Articles of Association of the Company). Under current law, such conversions will not be treated as disposals for UK capital gains tax purposes.

Conversion process

Minimum level

The Board may, in its sole and absolute discretion, specify a minimum number of converting shares which are to be converted by a shareholder in the case of either the Income shares or Growth shares.

The minimum amount for the 31 October 2019 Conversion is 1,000 shares per shareholder or the whole shareholding, whichever is lower.

The Board will specify a minimum net value of assets to be transferred from a Portfolio on any Conversion Date, and may change any such minimum from time to time. If, on any Conversion Date, the value of the assets to be so transferred is less than such specified minimum, then the Board may, in its sole and absolute discretion, cancel any such conversion.

The minimum net value of assets in aggregate for the 31 October 2019 Conversion is £250,000. A significant minimum has to be set in order to justify the costs of the exercise.

Maximum level

The Board may set a maximum number of Growth shares or Income shares which may be converted on any Conversion Date and may change such maximum from time to time. If on a Conversion Date, the number of Growth shares or Income shares for which conversion notices have been delivered would exceed the limit, the shares will be reduced pro rata.

The maximum amount for the 31 October 2019 Conversion is 10% of the Income shares and 10% of the Growth shares in issue.

Conversion ratio

Shares will be converted into the other share class by reference to the ratio of the relative underlying NAVs of the Growth shares and Income shares (as set out in more detail in the Company's Articles of Association). Only the Income shareholders are entitled to receive dividends. The Company shall announce the Conversion Ratio applicable on the Conversion Date or Deferred Conversion Date and the number of resulting shares. The Board has discretion to defer the Conversion Date, inter alia, in the event that the level of conversions is above a certain materiality threshold in order to facilitate realignment of the Company's Portfolios in order to effect the conversions in as effective a manner as possible. The Deferred Conversion Date will under normal circumstances not be more than one month later than the originally stated Conversion Date.

Result

It is anticipated that, within nine working days of the Conversion Date or the Deferred Conversion Date, the Company will send:

- To each holder of converting shares that are in certificated form a definitive certificate for the appropriate number of shares arising on conversion and a new certificate for any unconverted shares.
- To each holder of converting shares held in a BMO savings plan, confirmation of the number of shares converted and the number of shares arising on conversion.

No share certificates will be issued in respect of any deferred shares arising as a result of the conversion. These deferred shares have no economic value and will be transferred to a nominee holder and bought back for nil consideration by the Company and cancelled in accordance with the Company's Articles of Association.

Income shares arising on Conversion will carry the right to receive all dividends declared by reference to a record date falling after the Conversion Date or Deferred Conversion Date. Income shares which are converted into Growth shares will carry the right to receive all dividends declared by reference to a record date falling prior to the Conversion Date or Deferred Conversion Date but not on or thereafter.

Market price of Income shares & Growth shares

The mid market price for the Income shares and Growth shares on the first dealing day in each of the last six months, and 26 July 2019, being the latest practicable date before the approval of the Annual Report and Financial Statements were:

	Income shares (p)	Growth shares (p)
1 January 2019	122.0	190.5
1 February 2019	128.5	195.0
1 March 2019	130.5	198.0
1 April 2019	133.0	205.0
1 May 2019	134.0	213.0
3 June 2019	134.5	206.0
26 July 2019	136.0	213.0

This is not a recommendation to convert, or not to convert, any of your shares.

Future conversions

It is intended that, following the next conversion on 31 October 2019, the conversion facility will be offered annually or close to annually thereafter.

How do I convert?

If you hold your shares:

1. through a savings plan managed or marketed by BMO Asset Management Limited please download a "PLAN

CONVERSION INSTRUCTION" Form from the website at www.bmomanagedportfolio.com, which will be available from 1 August 2019.

This "Plan Conversion Instruction" form must be received by **5pm on Tuesday 24 September 2019** in respect of the 31 October 2019 Conversion Date.

2. in certificated form, please download a "CERTIFICATED CONVERSION NOTICE" Form from the website at www.bmomanagedportfolio.com, which will be available from 1 August 2019.

This "CERTIFICATED CONVERSION NOTICE" Form must be received by **5pm on Tuesday 1 October 2019** in respect of the 31 October 2019 Conversion Date.

Information on what to do if you have lost any or all of your share certificates and how to obtain a letter of indemnity is also included on the form.

3. in uncertificated form (that is in CREST) then please follow the instructions on the website at www.bmomanagedportfolio.com, which will be available from 1 August 2019.

This is not a recommendation to convert, or not to convert, any of your shares.

Profile of the Company's Ownership

% of Income shares held at 31 May 2019		% of Growth shares held at 31 May 2019	
BMO Retail Savings Plans	71.3%	BMO Retail Savings Plans	85.4%
Individuals and Private Client Wealth Managers	28.7%	Individuals and Private Client Wealth Managers	14.6%
	100.0%		100.0%

Share prices and daily net asset value

The Company's Income shares and Growth shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times and other newspapers. The net asset value of the Company's shares are released to the market daily, on the working day following the calculation date. They are available, with other regulatory information, through the National Storage Mechanism at www.morningstar.co.uk/uk/nsm or can be obtained by contacting BMO Investment Business Limited Investment Services on 0345 600 3030.

Dividends

Dividends on Income shares are paid quarterly in July, October, January and April each year. Shareholders on the main register, who wish to have dividends 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 the Company's Registrar, Equiniti Limited (see back cover page for contact details), on request.

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 for main register holders this should be notified to Equiniti Limited, under the signature of the registered holder.

The Company conducts its affairs so that its Income shares and Growth shares can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules relating to non-mainstream investment products and intends to continue to do so.

Data Protection

The Company is committed to protecting and respecting the confidentiality, integrity and security of the personal data it holds. For information on the processing of personal data, please see the privacy policy on the Company's website.

How to Invest

One of the most convenient ways to invest in BMO Managed Portfolio 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 Asset Management Limited**

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**



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

Historic Record

Income Shares									
As at 31 May	Financial Year Net Asset Value total return	Financial Year Benchmark Index total return	Net Asset Value per share	Share Price	+Premium/ -discount	Revenue return per share	Dividend per share	Total expenses/ ongoing charges	Net gearing/ (net cash)
2009	-20.8%	-23.2%	73.86p	75.0p	+1.5%	5.33p	4.9p [‡]	1.47%	(6.5)%
2010	23.9%	22.9%	86.81p	89.5p	+3.1%	4.58p	4.4p	1.51%	(3.8)%
2011	24.4%	20.4%	103.09p	103.0p	-0.1%	4.20p	4.4p	1.42%	4.2%
2012	-6.6%	-8.0%	91.86p	91.5p	-0.4%	5.04p	4.5p	1.44%	1.8%
2013	34.2%	30.1%	117.68p	116.5p	-1.0%	5.20p	4.6p	1.24%	1.3%
2014	6.0%	8.9%	119.85p	122.0p	+1.8%	5.56p	4.8p	1.16%	1.4%
2015	10.0%	7.5%	126.37p	128.5p	+1.7%	5.87p	5.0p	1.16%	0.3%
2016	-4.8%	-6.3%	114.98p	113.5p	-1.3%	5.62p	5.2p	1.09%	0.5%
2017	24.5%	24.5%	136.93p	140.0p	+2.2%	5.89p	5.45p	1.12%	7.3%
2018	3.0%	6.5%	135.29p	138.0p	+2.0%	7.32p	6.5p*	1.07%	5.3%
2019	2.5%	-3.2%	131.81p	134.5p	+2.0%	6.59p	5.95p	1.08%	6.5%

* including special dividend of 0.8p per share.

‡ 4.9p was paid in respect of the first 13½ month period from launch.

Growth Shares							
As at 31 May	Financial Year Net Asset Value total return	Financial Year Benchmark Index total return	Net Asset Value per share	Share Price	+Premium/ -discount	Total expenses/ ongoing charges	Net gearing/ (net cash)
2009	-28.8%	-23.2%	69.79p	68.5p	-1.8%	1.45%	(4.7)%
2010	24.2%	22.9%	86.70p	87.0p	+0.3%	1.53%	(2.4)%
2011	24.0%	20.4%	107.52p	109.0p	+1.4%	1.55%	(1.6)%
2012	-12.6%	-8.0%	93.97p	93.0p	-1.0%	1.59%	(1.1)%
2013	32.8%	30.1%	124.78p	123.0p	-1.4%	1.24%	1.4%
2014	9.3%	8.9%	136.41p	136.0p	-0.3%	1.17%	(1.0)%
2015	12.8%	7.5%	153.92p	155.0p	+0.7%	1.15%	0.8%
2016	-4.5%	-6.3%	147.02p	149.0p	+1.4%	1.09%	(2.0)%
2017	26.4%	24.5%	185.78p	189.0p	+1.7%	1.08%	(4.2)%
2018	11.0%	6.5%	206.23p	209.0p	+1.3%	1.02%	(4.4)%
2019	-0.5%	-3.2%	205.17p	206.0p	+0.4%	1.01%	(6.3)%

Alternative Performance Measures ("APMs")

The Company uses the following Alternative Performance Measures ("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.

		31 May 2019		31 May 2018	
		Income shares	Growth shares	Income shares	Growth shares
Net asset value per share	(a)	131.81p	205.17p	135.29p	206.23p
Share price	(b)	134.50p	206.00p	138.00p	209.00p
+Premium/-discount (c = (b-a)/(a))	(c)	+2.0%	+0.4%	+2.0%	+1.3%

Ongoing charges – all operating costs incurred and expected to be incurred in future and that are payable by the Company, expressed as a proportion of the average net assets of the Company over the reporting year. The costs of buying and selling investments are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing shares. Ongoing charges of the Company's underlying investments have not been included.

Ongoing charges calculation

		31 May 2019				31 May 2018			
		Income Portfolio (excluding performance fee) £'000	Income Portfolio (including performance fee) £'000	Growth Portfolio (excluding performance fee) £'000	Growth Portfolio (including performance fee) £'000	Income Portfolio (excluding performance fee) £'000	Income Portfolio (including performance fee) £'000	Growth Portfolio (excluding performance fee) £'000	Growth Portfolio (including performance fee) £'000
Total expenditure		614	614	743	743	618	618	701	701
Performance fee		-	73	-	257	-	n/a	-	255
Less non-recurring cost		(2)	(2)	(8)	(8)	-	-	(10)	(10)
Total	(a)	612	685	735	992	618	618	691	946
Average daily net assets	(b)	56,481	56,481	72,738	72,738	57,783	57,783	67,865	67,865
Ongoing charges (c = a/b)	(c)	1.08%	1.21%	1.01%	1.36%	1.07%	1.07%	1.02%	1.40%

The Key Information Document on the Company's website contains a measure of costs calculated in accordance with EU PRIIPs regulations. In addition to the costs included with the Company's ongoing charges figure set out above, the cost of the Company's borrowings are also included together with costs incurred in the period within underlying investee funds and portfolio transaction costs expressed as a proportion of the average daily NAV of the Company over the period.

Total return – the return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or NAV in the period. The dividends 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 dividends on the respective ex-dividend dates and the share price total returns and NAV total returns are shown below.

	31 May 2019		31 May 2018	
	Income shares	Growth shares	Income Shares	Growth Shares
NAV per share at start of financial year	135.29p	206.23p	136.93p	185.78p
NAV per share at end of financial year	131.81p	205.17p	135.29p	206.23p
Change in the year	-2.6%	-0.5%	-1.2%	11.0%
Impact of dividend reinvestments ⁽¹⁾	5.1%	n/a	4.2%	n/a
NAV total return for the year	2.5%	-0.5%	3.0%	11.0%

⁽¹⁾ During the year to 31 May 2019 dividends totalling 6.65p went ex dividend with respect to the Income shares. During the year to 31 May 2018 the equivalent figure was 5.6p.

	31 May 2019		31 May 2018	
	Income shares	Growth shares	Income Shares	Growth Shares
Share price per share at start of financial year	138.0p	209.0p	140.0p	189.0p
Share price per share at end of financial year	134.5p	206.0p	138.0p	209.0p
Change in the year	-2.5%	-1.4%	-1.4%	10.6%
Impact of dividend reinvestment ⁽¹⁾	5.0%	n/a	4.1%	n/a
Share price total return for the year	2.5%	-1.4%	2.7%	10.6%

⁽¹⁾ During the year to 31 May 2019 dividends totalling 6.65p went ex dividend with respect to the Income shares. During the year to 31 March 2018 the equivalent figure was 5.6p.

Yield – the total annual dividend expressed as a percentage of the year-end share price.

		31 May 2019	31 May 2018
Annual dividend	(a)	5.95p	5.7p ⁽¹⁾
Income share price	(b)	134.5p	138.00p
Yield (c = a/b)	(c)	4.4%	4.1%

⁽¹⁾ Excluding the special dividend of 0.8p per Income share.

Glossary of Terms

AAF – Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC – Association of Investment Companies, the trade body for listed closed-end investment companies.

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive required that all alternative investment vehicles in the European Union, including investment trusts, appoint a Depositary and an Alternative Investment Fund Manager before 22 July 2014. The Board of Directors of an investment trust, nevertheless, remain fully responsible for all aspects of the company's strategy, operations and compliance with regulations.

Benchmark – the FTSE All-Share Index is the benchmark against which the increase or decrease in the Company's net asset value is measured.

Closed-end company – a company, including an investment company, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the net asset value of the company and in which shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended company or fund, which has shares or units not traded on an exchange but issued or bought back from investors at a price directly related to net asset value.

Compound annual return – the compound annual return converts the total return over a period of more than one year to a constant annual rate of total return applied to the compounded value at the start of each year.

Cum-dividend – shares are classified as cum-dividend when the buyer of a security is entitled to receive a dividend that has been declared, but not paid. Shares which are not cum-dividend are described as ex-dividend.

Custodian – a specialised financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's Custodian is JPMorgan Chase Bank.

Depositary – under AIFMD rules which have applied from July 2014, the Company must appoint a Depositary, whose duties in respect of

investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. The Depositary has strict liability for the loss of any investments or other assets in its custody and is obliged to maintain oversight of matters such as share buy-backs, dividend payments and adherence to investment limits. The Company's Depositary is JPMorgan Europe Limited.

Derivative – a contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are Put and Call Options, Swap Contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Dividend dates – Reference is made in announcements of dividends to three dates. The "ex-dividend" date is the date up to which the shareholder needs to hold the shares in order to be entitled to receive the next dividend. As it takes time for a stock purchase to be recorded on the register, dividends are actually paid to the holders of shares on the share register on the "record" date. If a share transfer prior to the ex-dividend date is not recorded on the register before the record date, the selling party will need to pass on the benefit or dividend to the buying party. The "ex-dividend" date is currently the business day prior to the record date. The "payment" date is the date that dividends are credited to shareholders' bank accounts. This may be several weeks or even months after the record date.

Ex-dividend – shares are classified as ex-dividend when the buyer of a security is not entitled to receive a dividend that has been declared, but not paid.

GAAP – Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union).

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a "prior charge" over the assets of a company, ranking before shareholders in their entitlement to capital and/or income. They include: overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having

“net cash”. The Company’s maximum permitted level of gearing is set by the Board and is described within the Strategic Report.

Growth shares – a security issued by the Company. The net asset value attributable to each Growth share is equal to the net asset value of the Growth Portfolio divided by the total number of Growth shares in issue. The Growth shares are not entitled to dividends paid by the Company.

Income shares – a security issued by the Company. The net asset value attributable to each Income share is equal to the net asset value of the Income Portfolio divided by the total number of Income shares in issue. The Income shares are entitled to dividends paid by the Company.

Investment Company (Section 833) – UK company law allows an investment company to make dividend distributions out of realised distributable reserves, even in circumstances where it has made capital losses in any year provided the Company’s assets remaining after payment of the dividend exceed 150% of its liabilities. An investment company is defined as investing its funds in shares, land or other assets with the aim of spreading investment risk.

Investment trust taxation status (Section 1158) – UK corporation tax law allows an investment company (referred to in Tax law as an investment trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 Company law rules but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received (set out in note 8 to the accounts). The Report of the Directors contains confirmation of the Company’s compliance with this law and its consequent exemption from taxation on capital gains.

Manager – BMO Investment Business Limited, a part of BMO Financial Group. The responsibilities and remuneration of the Manager are set out in the Strategy and Business Model, Report of the Directors and note 4 to the financial statements.

Market capitalisation – the stock market quoted price of the Company’s shares, multiplied by the number of shares in issue. If the Company’s shares trade at a discount to NAV, the market capitalisation will be lower than the net asset value.

Net asset value (NAV) – the assets less the liabilities of the Company, as set out on the Balance Sheet, all valued in accordance with the Company’s accounting policies (see note 1 to the financial statements) and United Kingdom Accounting Standards. The net assets correspond to equity shareholders’ funds, which comprise the share capital account, share premium, capital redemption reserve, special reserve and capital and revenue reserves.

Net asset value (NAV), Debt at par – the Company’s bank loan is valued in the financial statements at par (the actual amount borrowed) and this NAV including this number is referred to as “NAV, Debt at par”.

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors. Non-executive Directors’ remuneration is described in detail in the Remuneration Report. The duties of the Directors, who govern the Company through the auspices of a Board and Committees of the Board, are set out in the Statement of Corporate Governance.

SORP – Statement of Recommended Practice. Where consistent with the requirements of UK Generally Accepted Accounting Practice, the financial statements of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 1 to the financial statements.

Corporate Information

Directors

Colin S McGill (Chairman)⁽¹⁾
David Harris⁽²⁾
Susan P Inglis
Alistair G Stewart⁽³⁾
David Warnock

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

BMO Investment Business Limited⁽⁴⁾
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
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Broker

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25 Dowgate Hill
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Depository

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

Bankers and Custodian

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

Bankers

The Royal Bank of Scotland International Limited
1 Princes Street
London EC2R 8BP

Solicitors

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

Company Number

SC338196

Website

www.bmomanaagedportfolio.com

⁽¹⁾ Chairman of Management Engagement Committee and Nomination Committee

⁽²⁾ Senior Independent Director



⁽³⁾ Chairman of Audit Committee

⁽⁴⁾ F&C Investment Business Limited changed its name to BMO Investment Business Limited effective 31 October 2018




BMO Managed Portfolio Trust PLC

Annual Report and Financial Statements 2019

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* 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

