BMO Managed Portfolio Trust PLC

Annual Report and Financial Statements 31 May 2020

BMO

Contents

Financial Calendar		
Annual General Meeting		24 September 2020
Deadlines for submitting conversion instructions: – for BMO retail savings plan investors – for non-BMO retail savings plan investors		 25 September 2020 2 October 2020
First interim dividend paid	(XD Date 17 September 2020)	9 October 2020
Share conversion facility date		29 October 2020
Second interim dividend paid	(XD Date 17 December 2020)	8 January 2021
Announcement of interim results for six months to 30 November 2020		January 2021
Third interim dividend paid	(XD Date 18 March 2021)	9 April 2021
Fourth interim dividend paid	(XD Date 17 June 2021)	9 July 2021
Announcement of annual results and posting of annual report		July 2021
Annual General Meeting		September 2021

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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 Financial Conduct Authority and traded on the London Stock Exchange.

Purpose

The purpose of the Company is to 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.

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

As at 31 May 2020, the Income shares had a dividend yield of 5.2% and the Income shares and Growth shares had achieved a net asset value total return of 106.9% and 112.6% respectively since launch. The benchmark total return over the period from the Company's launch to 31 May 2020 was 70.2%.

Visit our website at **bmomanagedportfolio.com**

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

INVESTMENT WEEK
INVESTMENT COMPANY OF THE YEAR AWARDS 2019
WINNER
FLEXIBLE INVESTMENT

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 2020

+2.5%

Dividend increased
Annual dividend increased by 2.5% to 6.1p per Income share compared to the prior year.

5.2%

Dividend yield[1]
Dividend yield of 5.2% at 31 May 2020, based on dividends at the current annual rate of 6.1p per Income share, compared to the yield on the FTSE All-Share Index of 4.8%. Dividends are paid quarterly.

-7.3%

NAV total return[1]
Net asset value total return per Income share of -7.3% for the financial year, outperforming the FTSE All-Share Index total return (-11.2%) by +3.9%.

+6.2%
CAGR[1]

Long-term performance
Net asset value total return per Income share of +106.9% since launch on 16 April 2008, the equivalent of +6.2% compound per year. This has outperformed the FTSE All-Share Index total return of +70.2%, the equivalent of +4.5% compound per year.

[1] Yield, total return and compound annual growth rate ("CAGR") – see Alternative Performance Measures on pages 95 and 96.

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

Income Shares – Performance Summary

	Year ended 31 May 2020	Year ended 31 May 2019
Total Return[1]		
Net asset value per Income share	-7.3%	+2.5%
Income share price	-8.3%	+2.5%
FTSE All-Share Index	-11.2%	-3.2%

Other Financial Highlights	Year ended 31 May 2020	Year ended 31 May 2019	% Change
Net asset value per Income share – capital only	115.71p	131.81p	-12.2%
Income share price – capital only	117.50p	134.50p	-12.6%
FTSE All-Share Index – capital only	3,363.67	3,923.87	-14.3%
Revenue return per share (including net income transfer from Growth shares)	6.69p	6.59p	+1.5%
Dividends per Income share	6.1p	5.95p	+2.5%
Dividend yield[1]	5.2%	4.4%	
Premium[1]	+1.5%	+2.0%	
Ongoing charges[1] – excluding performance fee – including performance fee	 1.10% 1.46%	 1.08% 1.21%	

Year's Highs/Lows	Highs 2020	Lows 2020
Net asset value per Income share	143.2p	84.5p
Income share price	145.0p	87.0p
+Premium/-Discount[2]	+13.3%	-7.4%

[1] Total return, yield, premium/(discount) and ongoing charges – see Alternative Performance Measures on pages 95 and 96.

[2] +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 Refinitiv Eikon.

Growth Shares – Highlights 2020

+1.5%

NAV total return[1]
Net asset value total return per Growth share of +1.5% for the financial year outperforming the FTSE All-Share Index total return (-11.2%) by +12.7%.

+6.4% CAGR[1]

Long-term growth
The net asset value per Growth share has increased by +112.6% since launch on 16 April 2008, the equivalent of +6.4% compound per year. This has outperformed the FTSE All-Share Index total return of +70.2%, the equivalent of +4.5% compound per year.

Outperformance

Consistent outperformance 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 2020

[1] Total return and compound annual growth rate – see Alternative Performance Measures on page 96

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

Growth Shares – Performance Summary

	Year ended 31 May 2020	Year ended 31 May 2019
Total Return[1]		
Net asset value per Growth share	+1.5%	-0.5%
Growth share price	+2.9%	-1.4%
FTSE All-Share Index	-11.2%	-3.2%

Other Financial Highlights	31 May 2020	31 May 2019	% Change
Net asset value per Growth share – capital only	208.35p	205.17p	+1.5%
Growth share price – capital only	212.00p	206.00p	+2.9%
FTSE All-Share Index – capital only	3,363.67	3,923.87	-14.3%
Premium[1]	+1.8%	+0.4%	
Ongoing charges[1] – excluding performance fee – including performance fee	 1.03% 1.39%	 1.01% 1.36%	

Year's Highs/Lows	Highs 2020	Lows 2020
Net asset value per share	228.1p	151.7p
Growth share price	228.0p	154.0p
+Premium/-discount[2]	+7.8%	-6.9%

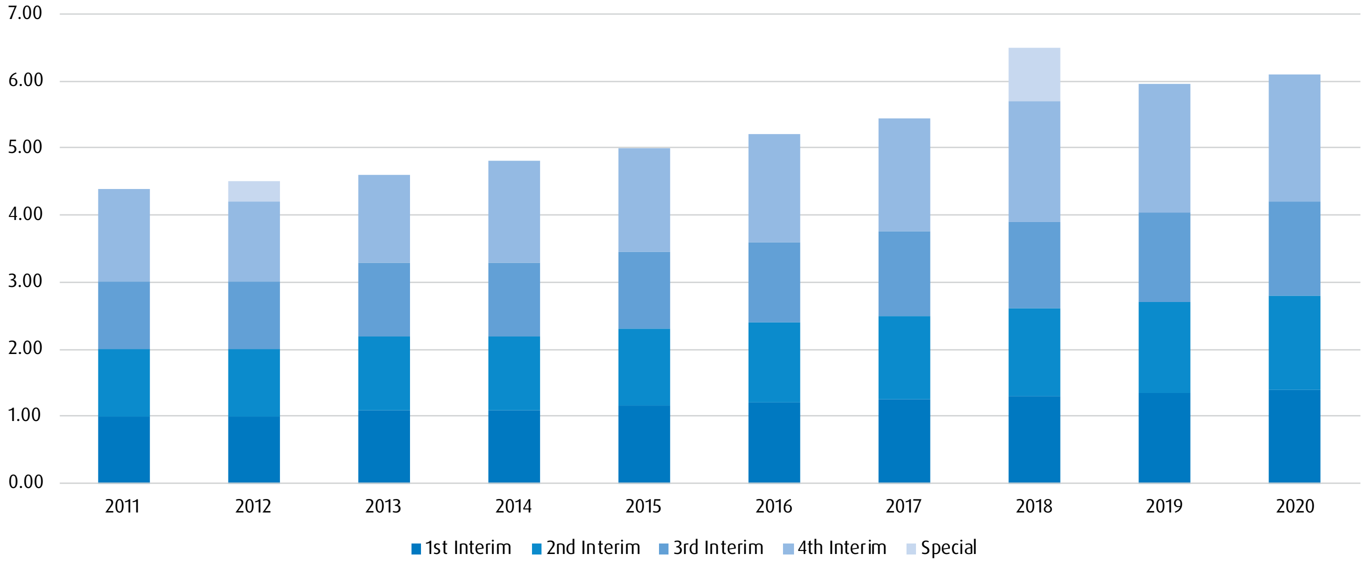
[1] Total return, premium and ongoing charges – see Alternative Performance Measures on pages 95 and 96.

[2] +Premium/-discount high – widest premium/narrowest discount in year. +Premium/-discount low – narrowest premium/widest discount in year.

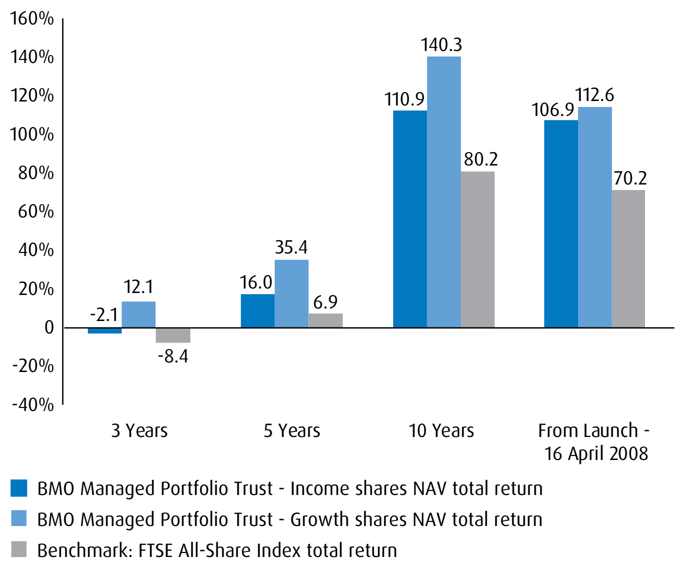
Sources: BMO GAM and Refinitiv Eikon

Long-term Summary

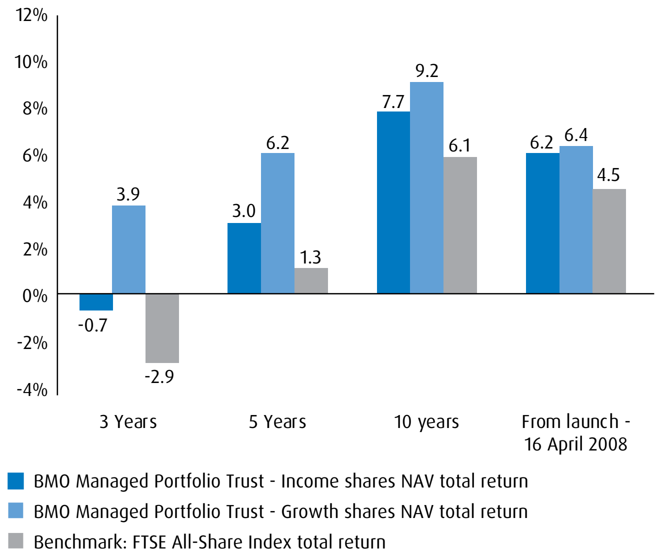
Income shares – Ten Year Dividend History for Financial Year to 31 May



Cumulative Performance to 31 May 2020



Compound Annual Returns to 31 May 2020



Sources: BMO GAM and Refinitiv Eikon

Strategic Report

This Strategic Report, which includes pages 7 to 29 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 5.2% at 31 May 2020
- Ninth consecutive year of dividend increases

Colin McGill Chairman

Before reviewing the financial year, the Board is pleased to report that, since the onset of the COVID-19 pandemic, the working arrangements put in place by our Investment Manager and the Company's other service providers have been working well and operations including the management of the investment portfolios has continued as normal.

Performance

For the Company's financial year to 31 May 2020 the NAV total return (capital performance plus the reinvestment of any dividends paid) was -7.3% for the Income shares and +1.5% for the Growth shares, both of which outperformed the -11.2% total return for the FTSE All-Share Index, the benchmark index for both share classes.

Two events dominated the environment for equity markets. In the first part of the financial year it was Brexit and the accompanying political uncertainty and then, in the last few months of the year, it was the COVID-19 pandemic. In terms of market performance, they had a very different effect. Despite the uncertainty of Brexit, the FTSE All-Share Index rose by 5.8% in the first six months but was then hit hard when the COVID-19 pandemic took hold and declined by 16.1% during the second half of the financial year. Although all markets in developed countries were badly affected, the UK market suffered the most, even including a strong recovery in April and May.

The disparity of performance between the Growth Portfolio and Income Portfolio has never been greater and although the more defensive Income Portfolio did relatively better than the benchmark index it was a remarkable performance in the second half of the financial year from the Growth Portfolio that was the outstanding feature. The principal contributors to the performance are identified in the Investment Manager's Review, which also includes additional information on the two investment portfolios.

Both share classes have also outperformed the benchmark over three years, five years, ten years and from launch to 31 May 2020.

Revenue and Dividends

For the year ended 31 May 2020, four interim dividends have now been paid, totaling 6.1p per Income share (5.95p per Income share for the previous year). The fourth interim dividend was paid after the year end on 10 July 2020.

Given the impact of COVID-19 on markets and the current uncertain outlook for income, this year's fourth interim dividend was not increased, but maintained at 1.9p per Income share. However, the total annual dividend increased by 2.5% in comparison to the prior financial year. This has been achieved while still adding £235,000 to the revenue reserve.

This is the ninth consecutive year of increase, in line with our objective. As a result, the yield on the Income shares was 5.2% on the year-end Income share price, compared with 4.8% for the FTSE All-Share Index. This represents the historic yield on the FTSE All-Share Index, but with many companies cancelling, delaying or reducing their dividends due to the impact of COVID-19, it is likely that the yield on the FTSE All-Share will also fall.

A key challenge for the Income Portfolio in the financial year ahead will be income related and there may be some further dividend disappointments from equity related investment company holdings. There may also be some holdings which utilise revenue reserves in order to sustain dividend payments. It has been heartening that a number of investees have indicated they intend to maintain dividends at current levels. Also a good portion of the Income Portfolio's revenue is generated from holdings in the "alternatives" sector which are less sensitive to economic conditions. In addition, BMO Managed Portfolio Trust now has a revenue reserve of approximately 68% of the current annual dividend cost, an important buffer for the dividend in challenging times and which can be used to support the dividend payment to Income shareholders if required. Accordingly, in the absence of unforeseen circumstances, it is the Board's current intention to at least maintain the total level of dividend to Income shareholders for the year to 31 May 2021.

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 (8.2% of gross 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 2020 we have been able to maintain an average premium of 1.2% for the Income shares and 0.0% 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 2,700,000 new Income shares and 295,000 new Growth shares were issued from the Company's block listing facilities at an average premium to NAV of 1.6% and 1.7% respectively. In addition, 200,000 Growth shares were bought back for treasury at a discount to NAV of 3% and subsequently resold from treasury at an average premium to NAV of 1.6%.

The Board is seeking shareholders' approval to renew the powers to allot shares, buy back shares and sell shares from treasury at the forthcoming Annual General Meeting ('**AGM**'). Specifically, the Board is seeking approval to allow the Company to issue up to 20% of its Income shares and up to 20% of its Growth shares without rights of pre-emption and in this respect there are two resolutions proposed. Each resolution is for up to 10% and therefore for an aggregate of up to 20% of each of the Income shares and Growth shares. This approach allows any shareholder who may not wish to give approval to an aggregate limit higher than that recommended by corporate governance guidelines the ability to approve the first resolution for up to 10% and to also consider the second resolution separately for a further 10%. The Board believes the ability to issue and buy back shares helps to reduce the volatility in the premium or discount of the share prices to the NAVs and the 20% overall authority with respect to both the Income shares and Growth shares is in the interests of all shareholders.

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.

The ability to convert without incurring UK 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 29 October 2020. Information is provided on pages 91 to 92 and full details will be provided on the Company's website (bmomanagedportfolio.com) from 10 August 2020.

Board Changes

As referenced in my statement last year, Alistair Stewart, David Harris and I were appointed at the launch of the Company and so have all now served on the Board for over twelve years. As part of the Board's succession plan, two new non-executive Directors (Sue Inglis and David Warnock) were appointed during the financial year to 31 May 2019 and the subsequent period has allowed for a transition to ensure continuity of knowledge and culture. Alistair Stewart will retire as a non-executive Director following the forthcoming AGM and I would like to thank him for his considerable contribution to the Board since the Company's launch in 2008. Alistair is also the Audit Committee chairman and I am pleased that Sue Inglis has agreed to fulfil this role following Alistair's retirement. The implementation of the succession plan will continue in the next year and the longer term objective will be to maintain a Board of four Directors.

AGM

The Annual General Meeting is currently scheduled to be held on 24 September 2020 at the offices of BMO Global Asset Management, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG at 9.30am. Despite the easing of some lockdown measures which were put in place due to COVID-19, some restrictions remain, including guidance on social distancing and given public health concerns, the meeting will not be held in the usual format.

It will be restricted to the formal business of the meeting as set out in the Notice of the Annual General Meeting on pages 84 to 88 and, as explained in more detail in the Report of the Directors on page 36, will follow the minimum legal requirements for an AGM. On this occasion the Fund Manager will not attend the meeting and his presentation will be made available on the Company's website together with some frequently asked questions.

Should any Government restrictions and social distancing measures remain in place in September, shareholders are strongly discouraged from attending the meeting and entry may be restricted and/or refused in accordance with the Articles, the law and/or Government guidance.

Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business be concluded.

Your Board strongly encourage all shareholders to make use of the proxy form or form of direction provided in order that you can lodge your votes. Voting on all resolutions will be held on a poll, the results of which will be announced and posted on the Company's website following the meeting.

In view of the revised format this year, should shareholders have any questions or comments in advance of the AGM these can be raised with the Company Secretary (MPTCoSec@bmogam.com). In addition, the answers to any frequently asked questions will be posted on the Company's website after the AGM.

The Board will keep the situation under review and any changes to the meeting or the location will be notified through the Company's website and announcements to the London Stock Exchange.

If any change or postponement was to be made to the AGM, it is not currently expected that it would have a material impact on the operation of the Company. Although the Company puts forward its dividend policy for approval at each AGM (Resolution 9 in the Notice of the AGM), the Company pays four interim dividends all of which have been paid already.

Outlook

Prospects for financial markets over the coming year are uniquely uncertain. The nature of the recovery from the recession caused by the COVID-19 pandemic will be the key influence for both global and UK equity markets. That is not to discount the importance of a possible trade deal with the European Union which has significant implications for the UK equity market. Further volatility in equity markets remains highly likely given the uncertain outlook. The extent of intervention and the determination of monetary authorities across the developed world to mitigate the effects of recession should not be underestimated. The key policy of Quantitative Easing used by central banks remains very supportive of asset prices generally and equity markets in particular. Ultimately fundamentals do re-assert themselves and with valuations elevated (especially in the US) much depends on the strength of the recovery in corporate earnings and dividends in 2021. There appears little room for error.

In this environment a cautious approach is appropriate with the emphasis for both Portfolios being on selecting high quality investment companies managed by proven and experienced investment managers in the belief that this will serve shareholders' interests best.

Colin S McGill
Chairman
5 August 2020

Purpose, Strategy and Business Model

Purpose and Strategy

The purpose of the Company is to 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.

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.

Business Model

BMO Managed Portfolio Trust PLC is a closed-end listed investment company and carries on business as an investment trust. As such, and as it has no employees, the Directors believe that the optimum basis for meeting their duty to promote 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**'), 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 management. 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 Company's Board of non-executive Directors is responsible for the overall stewardship and governance of the Company and how it promotes the success of the Company is set out on pages 22 to 23. The Board currently consists of four male and one female Director and their biographical details can be found on page 31. The Company has no executive Directors or employees.

The Board remains responsible for decisions over corporate strategy, corporate governance, risk and control assessment, setting policies as detailed on pages 28 and 29, 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**') and provides ancillary functions such as administration, accounting and company secretarial services to the Company.

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 as part of their governance is the annual evaluation of the Manager. The outcome of the evaluation in the current year, which was conducted by the Management Engagement Committee, is set out on page 43.

Investment Strategy and Policy

The Company's investment policy is set out on page 28.

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. 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 18 to 21.

Investment risks are spread through holding a wide range of investment companies that have underlying investment exposures across a range of geographic regions, sectors and investment managers. As at 31 May 2020, 41 investments were held in the Income Portfolio and 42 in the Growth Portfolio.

Environmental, Social and Governance Impact

The Company's ESG policies, as set out on page 27, are aligned towards the delivery of sustainable investment performance over the longer term.

As an investment trust, with no employees or premises 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 the Board seeks to positively influence this through the adoption of BMO GAM's Responsible Investment Approach.

Principal Risks and Uncertainties

Investment opportunities do not come without risks. The Company's principal risks and uncertainties that could threaten its objective, strategy and performance, and how the Board manages such risks, are set out in detail on pages 24 and 25.

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, market outlook, revenue forecasts, internal controls and marketing and regulatory updates. The Board also considers compliance with the investment policy, investment restrictions and borrowing covenants.

In addition, functions such as administration, accounting and company secretarial are also carried out by the Manager. The Directors also review these services, and those provided by other suppliers, such as JPMorgan Europe Limited, the Depositary, and JPMorgan Chase Bank, the 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 28 and 29 and the Company's performance in meeting its objectives is measured against key performance indicators ('**KPIs**') as set out on page 12.

The Chairman's Statement on pages 7 to 9 and Investment Manager's Review on pages 13 to 17, both of which form part of this Strategic 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.

Stakeholder Communication and Marketing

The Company welcomes the views of all shareholders and places great importance on communication with them. 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 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. In addition, meetings are held regularly with current and prospective shareholders and analysts covering the investment trust sector.

Under normal circumstances 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. However, in light of the impact of COVID-19 the Board has made different arrangements for the forthcoming AGM and these are explained in the Chairman's Statement on page 9. Through BMO GAM, we also make sure the BMO savings plan investors are encouraged to vote at the AGM in addition to those who hold their shares on the main shareholder register. Details of the proxy voting results on each resolution are published on the Company's website.

The Company fosters good working relationships with its key stakeholders; such as the Manager, shareholders, bankers and other key service providers. The Board works closely with BMO GAM to ensure optimal delivery of the Company's investment proposition through all available channels and together with BMO GAM we remain focused on promoting the success of the Company.

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 93.

Key Performance Indicators

The Board recognises that longer term share price performance and (for Income shareholders) an attractive level of income 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 2020

	1 Year %	3 Years %	5 Years %	10 Years %	Since launch %[(2)]	
Income shares NAV total return	-7.3	-2.1	16.0	110.9	106.9	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	1.5	12.1	35.4	140.3	112.6	
Benchmark total return[(3)]	-11.2	-8.4	6.9	80.2	70.2	

Dividend Level of the Income Shares

Financial year to 31 May	2020	2019	2018	2017	2016	
Annual dividend	6.1p	5.95p	5.7p[(4)]	5.45p	5.20p	This shows the dividend yield of the Income shares at the year-end relative to the benchmark.
Dividend yield[(1)]	5.2%	4.4%	4.1%	3.9%	4.6%	
Yield on FTSE All-Share index	4.8%	4.3%	3.6%	3.5%	3.8%	

Average + Premium/ - Discount[(1)] to NAV

During the financial year to 31 May	Income shares %	Growth shares %	
2020	+1.2	+0.0	This is the average difference between the share price and the NAV per share during the financial year.
2019	+0.9	+0.7	
2018	+1.6	+1.1	

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) %	
2020	1.46	1.10	1.39	1.03	This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of average net assets.
2019	1.21	1.08	1.36	1.01	
2018	1.07	1.07	1.40	1.02	

(1) See Alternative Performance Measures on pages 95 and 96
(2) Launched on 16 April 2008
(3) Benchmark: FTSE All-Share Index
(4) Excluding special dividend of 0.8p per Income share

Source: BMO GAM and Refinitiv Eikon

Investment Manager's Review

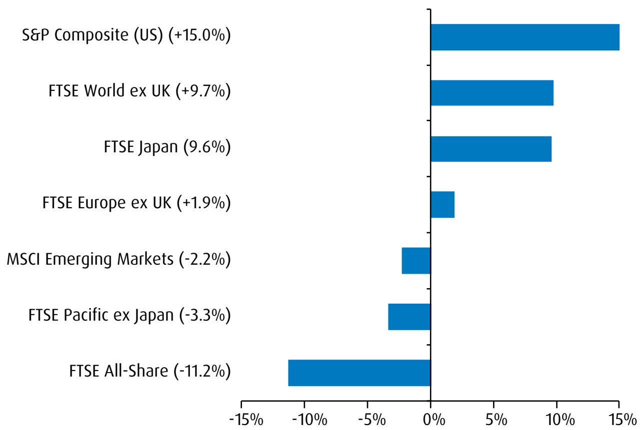
Peter Hewitt, Investment Manager

Stock Market Background

The past twelve months could be described as the most challenging since BMO Managed Portfolio Trust listed in April 2008. Two events dominated the environment for financial markets: Brexit and then in the last few months of the year under review the COVID-19 pandemic. Since neither has, yet, been resolved they will remain key features over the coming year also. The past year was also characterised by bouts of extreme volatility in equity markets, in both directions, caused by the factors mentioned above. Despite the uncertainty created by the Brexit saga, the UK equity market proved quite resilient especially in the run up to the General Election in December and in an international context was a relative outperformer. In part this was due to the strength of sterling which diluted returns from overseas markets when translated back into sterling. However, everything changed with the onset of the COVID-19 pandemic in February.

The UK equity market has been particularly hard hit as a +5.8% total return for the first half of the financial year was followed by -16.1% for the second half, even including a robust recovery in April and May. As can be seen from the chart below which looks at return by region over the past twelve months the UK equity market was a notable laggard over the period.

Total Return by Region/Market for Year to 31 May 2020 (sterling)



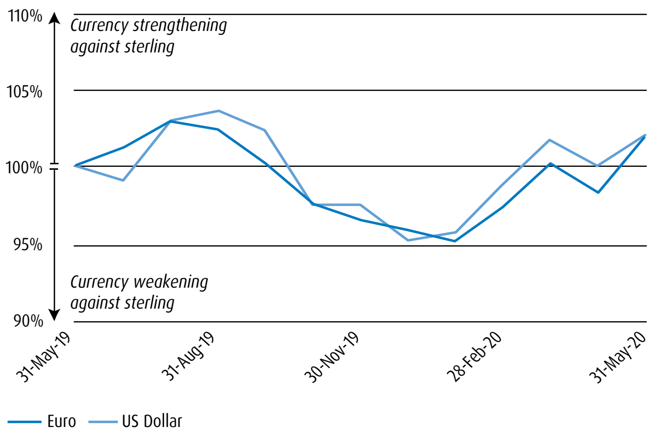
Source: BMO GAM

Although most regions were negatively affected in the second half of the financial year, returns for the UK were severely impacted. Government imposed lockdowns pushed all countries into a sharp and deep recession. However, certain sectors have been disproportionally affected. The oil price collapse has hit the energy sector and very low interest rates and bond yields have piled further pressure on the profitability and margins of the banking sector. The FTSE All-Share Index has historically significantly higher weightings to both the oil and banking sectors, both of which have markedly underperformed since the turn of the calendar year.

For yet another year the stand-out market has been the US. Driving returns in the S&P Composite Index were a group of mega sized global technology companies all of which were growing strongly before the COVID-19 pandemic struck and all of which have benefitted from the lockdowns which have caused so much distress throughout many other sectors. If this narrow group of companies were excluded, returns from the rest of the US equity market were much more pedestrian.

Once again, an important factor influencing returns for a UK based investor was the level of sterling. Although the currency did appreciate in the first six months of the financial year all those gains and more were reversed in the second half such that for the twelve-month period sterling was between 2% and 3% lower against the US Dollar, Euro and Yen. This trend had the effect of boosting returns from overseas equity markets for the sterling-based investor.

Currency Movements Against Sterling in Year to 31 May 2020 (US$ and Euro)



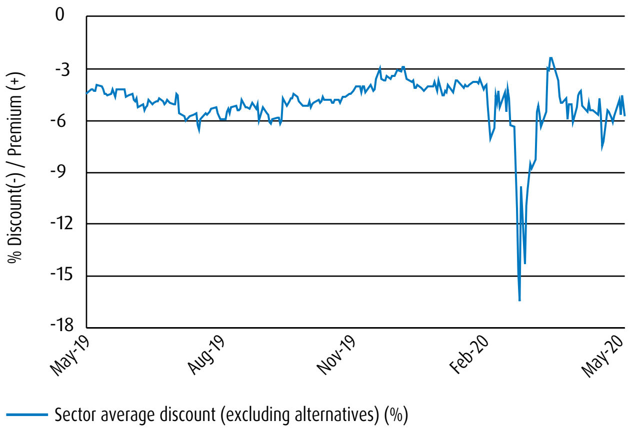
Performance

For the year to 31 May 2020 the FTSE All-Share Index fell by 11.2% (in total return terms). Over the same period the NAV of the Growth Portfolio rose by 1.5% whilst that of the Income Portfolio was 7.3% lower (again both in total return terms). This represents the eighth consecutive financial year the Growth Portfolio has been ahead of the FTSE All-Share Index. For the Income Portfolio, in the twelve years since the Company's shares were listed on the London Stock Exchange it has been ahead or in line with the Benchmark Index in ten of these years.

A feature of the performance this year was the wide disparity between the Growth Portfolio and Income Portfolio. This was not apparent at the Interim stage when they both performed quite close to the benchmark index for the first six months. However, the second half was dominated by the onset of the COVID-19 pandemic with significant falls in global equity markets during February and March which was then followed by substantial recovery in April and May. In the past it has been the Income Portfolio that has proved more resilient during market downturns and in relative terms it did fall by less than the main UK equity index. During the second half of the financial year the Growth Portfolio proved to be remarkably resilient and during this period outperformed the FTSE All-Share Index by over 13%. The performance of individual holdings within both Portfolios will be examined later in the review however a bias to investment companies exposed to technology and healthcare was a key factor along with a group of defensively orientated trusts which also performed strongly.

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 surges in volatility that have been experienced, especially in the last few months of the financial year, discounts widened only slightly over the period to close at 5.7%. Very much within the range established over recent years.

Investment Company – Average Sector Discount 1 Year to 31 May 2020



Source: Winterflood Securities

Growth Portfolio – Leaders and Laggards

An interesting common thread between all the top contributors to the performance of the Growth Portfolio is that they have been holdings for more than ten years which highlights the genuine long-term perspective that is taken with investment selections. Two key themes of secular growth were evident amongst the better performers from both Portfolios. First is biotechnology and healthcare where two specialist investment companies **Biotech Growth Trust** and **Worldwide Healthcare Trust** had share price gains of 68% and 40% respectively. Even before the COVID-19 pandemic the sector experienced strong performance due to a raft of successful clinical trials from emerging biotech companies and a surge in merger and acquisition activity aided by a constructive regulatory environment. With minimal impact on drug sales due to COVID-19 and a heightened awareness of the attractive growth characteristics of many healthcare companies they continued to outperform whilst the wider equity market was badly affected by the COVID-19 pandemic. Both trusts are managed by Orbimed who have built and developed the resources and experience to be a leading global healthcare investor.

The second theme of secular growth is the wider technology sector. Again, many companies in this sector were doing well pre COVID-19 but the government lockdowns and widespread working from home highlighted the importance of major technology to modern economies. Whether it be Amazon with home shopping, Netflix with home entertainment or Microsoft and their cloud business, many of these companies have prospered. Not only that but new areas are being developed with substantial addressable markets in security, gaming and transportation to name but a few. Key long-term holdings in the Portfolio have once again performed strongly: **Polar Capital Technology Trust** +48%, **Scottish Mortgage Investment Trust** +45%, **Edinburgh Worldwide Investment Trust** +35% and **Allianz Technology Trust** +33%.

One other holding, worthy of mention, which was a leading contributor last year and has continued to be this year with a 41% share price gain, is **BH Macro**. The investment 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 often does well in a bear phase in equity markets. With heightened levels of volatility, the managers have been able to construct trades with attractive pricing and return outcomes.

Of the laggards the biggest share price decline was experienced by **Schroder UK Public Private Trust** (formerly Woodford Patient Capital Trust) at -62%. All the decline happened quickly in the early part of the financial year as a result of a saga of corporate mismanagement which has been well covered in detail by the financial media. The investment was clearly a mistake however because it was always perceived as high risk it was never a large holding and so the impact on overall performance from the Growth Portfolio was limited. The share price remains at a significant discount and despite all that has happened there remains much potential within certain large holdings within the portfolio. Under new managers, Schroders the chances of recovery have improved.

Whilst it appeared the avoidance of a "No Deal Brexit" followed by a conclusive election result in December had removed the pervasive uncertainty that had for a protracted period affected the UK stock market the onset of the COVID-19 pandemic caused renewed underperformance for UK equities. In addition to widening discounts amongst UK investment trusts those with sizeable exposure to smaller and medium sized companies relatively underperformed. Examples in the Portfolio were **Lowland Investment Company** -26%, **Fidelity Special Values** -26% and **Henderson Opportunities Trust** -23%.

(All share prices are total return)

Income Portfolio – Leaders and Laggards

As with the Growth Portfolio, exposure to a sector with secular growth characteristics has been a key factor behind the relative outperformance of the Income Portfolio. In this case it has been achieved through investment companies which are specialists in biotechnology and healthcare. Underlying companies which operate in these sectors (especially biotechnology) often do not pay dividends however the ability of investment companies to pay a dividend to shareholders from capital reserves permits these trusts to offer an attractive dividend yield to investment company shareholders. From an investment management standpoint this allows assets (in this case in biotechnology and healthcare with very attractive growth characteristics) to be included in an income portfolio. This has meant that the total return characteristics of the Portfolio have been differentiated and improved. The top three holdings in the Income Portfolio are investment companies which are specialists in these sectors. The best performer has been Swiss based **HBM Healthcare Investments** with a 50% gain in share price. HBM has achieved very strong performance over a number of years and has about 45% of its portfolio in later stage private companies or specialist funds with the rest in listed companies. Around 20% is invested in Emerging Market healthcare companies with the balance in the US (70%) and Europe (10%). Six of its top ten holdings were held as private companies and continue to be held after listing. Its main area of focus is biotechnology, diagnostics and medical technology. **BB Healthcare Trust** had a 23% gain in share price and was a top performer last year as well as repeating the feat this year. It has an unconstrained approach across the wider healthcare sector through a focussed list of 35 holdings with a bias to smaller and mid cap companies.

Another holding which was a top performer last year as well as this is **Assura** which could be viewed as a specialist healthcare property company. It is an owner of primary care properties leased mainly to General Practitioner Partnerships across the UK, typically for between 20 and 25 years. With the NHS as the ultimate guarantor of the lease payments of which many are indexed linked, the attractions of a very secure and rising stream of dividend payments at a time of great uncertainty helped the share price to a 28% gain.

Last year **Civitas Social Housing REIT** was one of the laggards in the Income Portfolio. However, this year the shares recovered strongly with a 35% rise. Last year the new regulator raised concerns over the financial strength of certain Housing Associations which enter into long-term leases with Civitas as the owner of the properties. This fear has proven unfounded and the Civitas management have done much work with some of the Housing Associations to improve their reporting systems. This has been recognised in the stock market and as with Assura the characteristics of long-term indexed linked leases in a sector not directly exposed to the general economy was behind the share price recovery.

Finally, it is good to see long time holding **Bankers Investment Trust** contribute with a 11% share price gain. This holding was in the Portfolio at inception in April 2008 and has consistently delivered good capital and income returns. It has increased the dividend for 53 consecutive years and with revenue reserves amounting to one year of dividend payments, as the Board has indicated it is prepared to use them to support the Company's dividend policy, it is expected this will continue over the next year.

Looking at the laggards and similar to the Growth Portfolio a number of UK equity investment companies populated the list of underperformers. UK smaller company specialist **Aberforth Split Level Income Trust** experienced a 44% fall in share price. A value-based investment approach, which has been out of favour in the stock market, alongside gearing from a zero-dividend preference share and a focus on smaller companies combined to cause the underperformance. **Perpetual Income and Growth Investment Trust** was again amongst the laggards with a 28% share price decline and would have been sold however the Board opted to change the investment manager and it was decided to wait and see who the new investment manager would be before making a decision. **Secure Income REIT** had a 35% share price decline almost all of which happened in recent months as a result of the COVID-19 pandemic. The trust aims to buy a portfolio of assets with very long leases often with an index linked element to the rental charge. Unfortunately, one of the operators is Travelodge where Secure Income owns a portfolio of the best hotels but which under the current circumstances stopped paying rent due to the lockdown. The shares have fallen in expectation that the dividend will need to be rebased and the asset value written down.

(All share prices are total return)

Investment Strategy and Prospects

For at least the next year, and in all likelihood longer than that, economic and stock market prospects will be heavily influenced by the nature of the recovery from the COVID-19 pandemic and how long lasting the effects of the resultant recession prove to be. Another issue is whether a favourable trade deal can be struck ahead of the conclusion of the transition period before the UK's final exit from the European Union. There is also the uncertainty of a looming US presidential election. Also lurking in the background is the simmering rivalry between China and the US and whether we have a resumption of damaging trade wars or some form of accommodation which could reduce tensions. Although these issues are on the surface primarily medical and political, they will directly influence the economic outlook and also prospects for equity market returns.

The depth and rapidity of the economic contraction across the developed world is unparalleled in modern times and although economies are probably around the bottom currently it appears overly optimistic to believe that by the end of 2020 we will be back to where we were at the start of the year. From the trough, high levels of growth will be achieved in economic data but such was the extent of the decline full recovery will be some considerable time off. Once government support schemes unwind, unemployment could rise substantially and that also will impede recovery. It is uncertain how robust demand will be, particularly from the consumer, which is very important for the UK economy.

All of the above indicates that inflation will remain subdued, or even move close to negative over the next year and interest rates in the UK, Europe and the US will also remain at extremely low levels. This will be despite record levels of government spending and support which will continue for a number of years. Austerity is off the menu whereas higher levels of taxation be it corporate or personal may well be back on the agenda.

The remarkable rally in global equity markets from the lows of late March has been fuelled by Central Banks wishing to soften the effects of the inevitable recession. Quantitative Easing in the US, Europe, Japan and the UK has been substantial and has supported bond markets and indirectly equity markets. Eventually however longer term returns from financial markets tend to be determined much less by political events or by policy from monetary authorities and much more by the outlook for the fundamentals of the economy and the prospects for corporate profits and dividends.

In this regard corporate earnings reports for the second quarter/first half of this year will not make pleasant reading and although some modest recovery can be anticipated as we move through the year certain sectors, particularly consumer related, will be very badly affected with many companies loss making and some unfortunately not likely to survive. Equity markets have been focussing on 2021 and estimates appear to assume a robust recovery in profits and earnings in the UK, Europe and especially the US. It remains to be seen whether this is achieved. Valuations are elevated and require optimistic estimates to be achieved. In this environment there appears ample scope for disappointment. Nonetheless it is also important to remember the extent of monetary stimulus from Central Banks which is very supportive of both bond and equity markets.

In terms of long-term investment strategy the case for exposure to sectors which offer secular growth characteristics remains in place. When inflation and interest rates are low and growth scarce then investment companies focussed on sectors such as technology, healthcare and biotechnology are likely to continue to prosper. That may change in the future as fiscal policy becomes an important tool for governments to stimulate economic growth and a more traditional cycle is created with higher inflation and an upwards move in interest rates. Investment companies with a more "value based" investment style may then do better as more cyclical sectors such as industrials, retail, oils and banks experience a rally in their share prices.

For at least the current financial year and possibly considerably longer, the current bias to secular will remain in place for the Growth Portfolio and as far as possible for the Income Portfolio bearing in mind its requirement for income from underlying holdings. Examples of trusts with these attributes include: **Monks Investment Trust, Allianz Technology Trust, Polar Capital Technology Trust, Scottish Mortgage Investment Trust, Worldwide Healthcare Trust, Biotech Growth Trust, HgCapital Trust, Impax Environmental Markets** and **Edinburgh Worldwide Investment Trust**. These are all holdings in the Growth Portfolio. It is harder to have them in the Income Portfolio because most either do not pay a dividend or have a very low dividend yield. However, some investment companies take powers to pay a dividend to shareholders from capital reserves. This permits trusts investing in these sectors to offer reasonable dividend yields and allows the Income Portfolio to gain exposure. Examples here are the three largest holdings who have got there through strong performance **BB Healthcare Trust, BB Biotech** and **HBM Healthcare Investments**.

It is not envisaged to alter the exposure to a group of more defensive trusts or "portfolio protectors" in the Growth Portfolio. They are held to provide a degree of protection should equity markets experience a pull back. Examples are: **BH Macro, Personal Assets Trust, Ruffer Investment Company, Capital Gearing Trust** and **RIT Capital Partners**. The Income Portfolio has a number of "alternative" investment companies which are less sensitive to the direction of equity markets and have higher dividend yields which give the Portfolio an element of protection in a market downturn.

With prospects for equity markets uniquely uncertain, the focus for both Portfolios remain on holding only the highest quality investment companies with proven management who have had experience of both bull and bear markets in the belief that trusts with these characteristics should best serve shareholders.

Peter Hewitt
Investment Manager
BMO Investment Business Limited
5 August 2020

Income Shares –

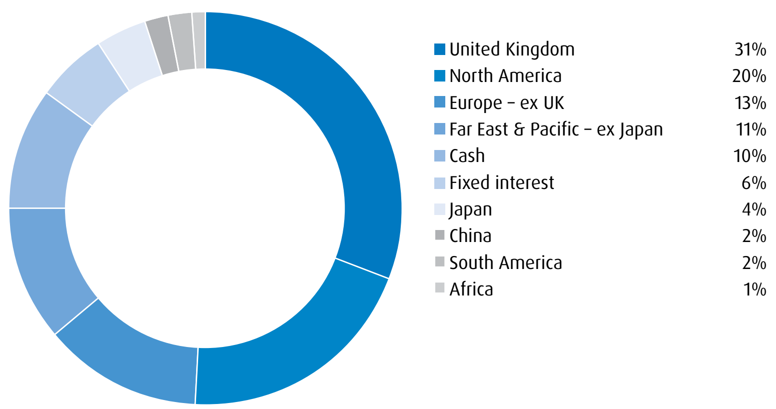
Investment Portfolio

At 31 May 2020			
Investment	**Sector**	**Valuation £'000**	**% of net assets of Income Portfolio**
BB Healthcare Trust	Biotechnology & Healthcare	2,385	4.4%
BB Biotech	Biotechnology & Healthcare	2,137	4.0%
HBM Healthcare Investments	Biotechnology & Healthcare	2,059	3.8%
Scottish American Investment Company	Global Equity Income	1,938	3.6%
JPMorgan Global Growth & Income	Global Equity Income	1,869	3.5%
3i Infrastructure	Infrastructure	1,842	3.4%
Hipgnosis Songs Fund	Tech Media & Telecomm	1,768	3.3%
Law Debenture Corporation	Global	1,745	3.3%
The Bankers Investment Trust	Global	1,653	3.1%
Henderson International Income Trust	Global Equity Income	1,627	3.0%
Ten largest investments		**19,023**	**35.4%**
Invesco Perpetual UK Smaller Companies Investment Trust	UK Smaller Companies	1,583	3.0%
Civitas Social Housing REIT	Property Specialist	1,576	2.9%
Murray International Trust	Global Equity Income	1,565	2.9%
Troy Income & Growth Trust	UK Equity Income	1,516	2.8%
NB Private Equity Partners	Private Equity	1,509	2.8%
Princess Private Equity Holding	Private Equity	1,508	2.8%
CC Japan Income & Growth Trust	Japan	1,449	2.7%
Schroder Oriental Income Fund	Asia Pacific - Ex Japan	1,417	2.6%
City of London Investment Trust	UK Equity Income	1,417	2.6%
European Assets Trust†	European Smaller Companies	1,410	2.6%
Twenty largest investments		**33,973**	**63.1%**
Impact Healthcare REIT	Property Specialist	1,407	2.6%
Henderson Far East Income	Asia Pacific - Ex Japan	1,386	2.6%
Monks Investment Trust	Global	1,364	2.5%
The Renewables Infrastruture Group	Infrastructure - Renewable Energy	1,355	2.5%
Supermarket Income REIT	Property Specialist	1,350	2.5%
Assura	Property Specialist	1,340	2.5%
Invesco Enhanced Income	Global High Income	1,291	2.4%
GCP Asset Backed Income Fund	Debt	1,263	2.4%
Secure Income REIT	Property Specialist	1,260	2.3%
Biopharma Credit	Biotechnology & Healthcare	1,235	2.3%
Thirty largest investments		**47,224**	**87.7%**

At 31 May 2020			
Investment	Sector	Valuation £'000	% of net assets of Income Portfolio
CQS New City High Yield Fund	UK Equity & Bond Income	1,222	2.3%
Mercantile Investment Trust	UK All Companies	1,194	2.2%
Jupiter Emerging & Frontier Income Trust	Global Emerging Markets	1,140	2.1%
Tetragon Financial Management	Flexible Investment	1,062	2.0%
Henderson High Income Trust	UK Equity & Bond Income	1,042	1.9%
JPMorgan Global Emerging Markets Income Trust	Global Emerging Markets	1,040	1.9%
Lowland Investment Company	UK Equity Income	944	1.8%
Aberdeen Asian Income Fund	Asia Pacific - Ex Japan	855	1.6%
Perpetual Income & Growth Investment Trust	UK Equity Income	854	1.6%
Utilico Emerging Markets Trust	Global Emerging Markets	850	1.6%
Forty largest investments		**57,427**	**106.7%**
Aberforth Split Level Income Trust	UK Smaller Companies	460	0.9%
Total investments		**57,887**	**107.6%**
Net current assets less other long term creditors		**901**	**1.7%**
Borrowing		**(5,000)**	**(9.3%)**
Net assets		**53,788**	**100.00%**

† 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 2020)

Growth Shares –

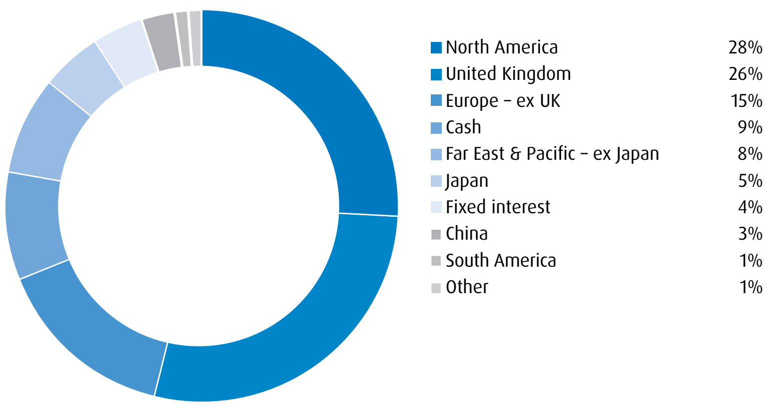
Investment Portfolio

At 31 May 2020			
Investment	**Sector**	**Valuation £'000**	**% of net assets of Growth Portfolio**
Monks Investment Trust	Global	3,409	4.6%
Allianz Technology Trust	Tech Media & Telecomm	3,312	4.4%
Polar Capital Technology Trust	Tech Media & Telecomm	3,053	4.1%
BH Macro	Hedge Funds	2,907	3.9%
Worldwide Healthcare Trust	Biotechnology & Healthcare	2,848	3.8%
Scottish Mortgage Investment Trust	Global	2,544	3.4%
Mid Wynd International Investment Trust	Global	2,341	3.1%
HgCapital Trust	Private Equity	2,340	3.1%
Personal Assets Trust	Flexible Investment	2,200	2.9%
Impax Environmental Markets	Environmental	2,082	2.8%
Ten largest investments		**27,036**	**36.1%**
Biotech Growth Trust	Biotechnology & Healthcare	2,068	2.8%
Ruffer Investment Company	Flexible Investment	2,066	2.8%
Capital Gearing Trust	Flexible Investment	2,059	2.7%
Herald Investment Trust	Small Media, Comms & IT Cos	2,055	2.7%
Edinburgh Worldwide Investment Trust	Global	2,005	2.7%
RIT Capital Partners	Flexible Investment	1,888	2.5%
Finsbury Growth & Income Trust	UK Equity Income	1,865	2.5%
Syncona	Biotechnology & Healthcare	1,816	2.4%
Baillie Gifford Japan Trust	Japan	1,798	2.4%
European Opportunities Trust	Europe	1,692	2.3%
Twenty largest investments		**46,348**	**61.9%**
TR Property Investment Trust†	Property Securities	1,628	2.2%
Merian Chrysalis Investment Company	Private Equity	1,582	2.1%
Henderson Smaller Companies Investment Trust	UK Smaller Companies	1,554	2.1%
Templeton Emerging Markets Investment Trust	Global Emerging Markets	1,440	1.9%
Aurora Investment Trust	UK All Companies	1,422	1.9%
JPMorgan American Investment Trust	North America	1,392	1.9%
ICG Enterprise Trust	Private Equity	1,391	1.9%
Baillie Gifford UK Growth Fund	UK All Companies	1,376	1.8%
Schroder Asian Total Return Investment Company	Asia Pacific - Ex Japan	1,356	1.8%
Artemis Alpha Trust	UK All Companies	1,240	1.7%
Thirty largest investments		**60,729**	**81.2%**

At 31 May 2020			
Investment	**Sector**	**Valuation £'000**	**% of net assets of Growth Portfolio**
Diverse Income Trust	UK Equity Income	1,197	1.6%
Murray International Trust	Global Equity Income	1,174	1.6%
Fidelity Special Values	UK All Companies	1,164	1.6%
Henderson European Focus Trust	Europe	1,135	1.5%
Henderson Opportunities Trust	UK All Companies	1,113	1.5%
AVI Global Trust	Global	1,073	1.4%
Fidelity Asian Values	Asia Pacific - Ex Japan	963	1.3%
Law Debenture Corporation	Global	847	1.1%
Miton UK MicroCap Trust	UK Smaller Companies	833	1.1%
Lowland Investment Company	UK Equity Income	802	1.1%
Forty largest investments		**71,030**	**95.0%**
Mobius Investment Trust	Global Emerging Markets	754	1.0%
Schroder UK Public Private Trust	UK All Companies	572	0.8%
Total investments		**72,356**	**96.8%**
Net current assets		**2,417**	**3.2%**
Net assets		**74,773**	**100.00%**

† 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 2020)

Promoting the Success of the Company

Under Section 172 of the Companies Act 2006, the Directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's shareholders;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

As explained on page 10, the Company is an externally managed investment company and has no employees, customers or premises.

The Board believes that the optimum basis for meeting its duty to promote the success of the Company is by appointing and managing third parties with the requisite performance records, resources, infrastructure, experience and control environments to deliver the services required to achieve the investment objective and successfully operate the Company. By developing strong and constructive working relationships with these parties, the Board seeks to ensure high standards of business conduct are adhered to at all times and service levels are enhanced whenever possible. This combined with the careful management of costs is for the benefit of all shareholders who are also key stakeholders.

As set out on page 10, the Board's principal working relationship is with the Manager which is responsible for the management of the Company's assets in line with the investment objective and policy set by the Board. The Manager also provides administrative functions to the Company and acts as the AIFM.

The Board works closely with the Manager and oversees the various matters which have been delegated to it, and to ensure the Company's daily operations run smoothly for the benefit of all shareholders. The Portfolio activities undertaken by our Manager are set out in the Manager's Review on pages 13 to 21.

While the Company's direct impact on the community and environment is limited, its indirect ESG impact occurs through the investment companies in which it invests. The Board gives effect to this through the Manager's Responsible Investment approach which is set out on page 27. The Board is very supportive of BMO GAM's approach, which focuses on engagement with the investee companies on ESG issues and how these link with the United Nations Sustainable Development Goals ("**SDGs**").

In addition to the Company's shareholders, Manager and bankers, other key stakeholders include its service providers such as the custodian, depositary, broker and registrar.

The Board receives regular reports from the Company's key service providers on an ongoing basis and evaluates them to ensure expectations on service delivery are met. Further information on the annual evaluation of the Manager, to ensure its continued appointment remains in the best interests of shareholders, is set out on page 43.

The Board places great importance on communication with shareholders and further information is set out on page 11.

The Company's stakeholders are always considered when the Board makes decisions and examples include:

- Dividends
  The Board recognises that providing an attractive level of income with the potential for growth is important to the Company's Income shareholders. Following the payment of the fourth interim dividend, dividends with respect to the financial year to 31 May 2020 will total 6.1p per Income share. This represents an increase of 2.5% compared to the prior year and a yield of 5.2% at 31 May 2020 as compared to the yield on the FTSE All-Share Index of 4.8% at that date.

- Conversion facility
  The Board recognises that providing shareholders with an annual opportunity to convert their shares into the other class without incurring UK capital gains tax should be an attractive facility for shareholders who wish to do so. Over the last couple of years, the Board has taken steps to enhance the operation of the conversion facility while managing the related costs, to ensure it could operate when there was meaningful demand. Conversions have occurred in the last two financial years for the benefit of shareholders.

- Share issuance and buy-backs
  The Board believes that the ability to issue and buy back shares is in the interests of all shareholders as it helps to reduce the volatility in the premium or discount of the Company's share prices relative to their respective NAVs. During the year the Company issued 2,700,000 new Income shares and 295,000 new Growth shares at an average premium to NAV of 1.6% and 1.7% respectively. 200,000 Growth shares were also bought back at a discount of 3% to NAV and then subsequently resold at an average premium to NAV of 1.6%. This helps to enhance the NAV for ongoing shareholders and growing the size of the Company allows operating costs to be spread over a wider shareholder base for the benefit of all shareholders.

- Board succession plan
  The Board is committed to ensuring that its composition is compliant with best corporate governance practice under the new AIC Code including guidance on tenure. Having appointed two new non-executive Directors during the financial year to 31 May 2019, this now allows for the retirement of one of the longer serving Directors while balancing the need to ensure an adequate level of continuity and experience on the Board thereby acting in the best interests of shareholders. Mr Alistair Stewart will retire following the forthcoming annual general meeting.

- Retail investors
  The Company's shareholders are predominantly retail investors who invest through savings or execution-only platforms. A significant proportion invest through the BMO retail savings plans and the Board remains focused with the Manager on the optimal delivery of the Company's investment proposition for the benefit of all shareholders. BMO remains committed to its savings plans and its relationship with its customers and has invested significantly in its offering to enhance the digital experience in order to meet its customers' expectations.

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 44 and 45. By means of the procedures set out in that summary, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Any emerging risks that are identified and that are considered to be of significance would be included on the Company's risk radar with any mitigations. These significant risks, emerging risks and other risks, including Brexit, are regularly reviewed by the Audit Committee and the Board. Most recently, consideration has been given to the impact from Coronavirus (COVID-19) and is referred to in Market Risk and Operational Risk. 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 relating to the UK's continuing trade negotiations with the EU following its departure on 31 January 2020, 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
Market Risk The Company's assets consist mainly of listed closed-end 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. There is currently increased uncertainty in markets due to the effect of COVID-19 which has led to falls and volatility in the Company's NAV. **Increase in overall risk due to the impact of COVID-19 and Brexit**	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. The effect of COVID-19 on markets, which has contributed to significant volatility is discussed in the Chairman's Statement and Managers Review. As a closed-end investment trust the Company is not constrained by asset sales to meet redemptions and is well suited to investors seeking longer term returns and to remain invested through volatile market conditions. An explanation of these risks and the way in which they are managed are contained in notes 17 to 22 to the financial statements.
Investment Risk 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. **No change in overall risk**	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. The Income Portfolio and Growth Portfolio are diversified and comprise listed closed-end investment companies and their composition are reviewed regularly by the Board. BMO GAM's Investment Risk team provide oversight on investment risk management. 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.

Principal Risks and Uncertainties	Mitigation
Custody Risk Safe custody of the Company's assets may be compromised through control failures by the Custodian. **No change in overall risk**	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. The Depositary is specifically liable for loss of any of the Company's assets that constitute financial instruments under the AIFMD.
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. The risk includes failure or disruption as a consequence of external events such as the current COVID-19 pandemic. External cyber attacks could cause such failure or could lead to the loss or sabotage of data. **Increase in overall risk due to the impact of COVID-19 and cyber risks remain heightened**	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. The Manager continues to benefit from the long-term financial strength and policies of its parent company, Bank of Montreal. 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 SS&C who adminster the BMO savings plans, has been maintained by BMO GAM. This includes the review of IT security and heightened cyber threats. As a consequence of the COVID-19 pandemic and the measures put in place by the UK government, the Manager has implemented working from home arrangements for its staff for all roles that can be performed remotely. BMO GAM has robust contingency plans to ensure it can safeguard its employees, continue serving clients and keep operations running effectively and in compliance with its regulatory obligations. The Company's other third party service providers have also implemented similar arrangements to ensure no disruption to their service. Having considered these arrangements and reviewed the service levels in recent months, the Board is confident that the Company continues to operate as normal and expected service levels are being maintained.

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 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.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board Meeting.
- The operational robustness of key service providers and the effectiveness of alternative working arrangements in particular given the current impact of COVID-19.
- That alternative service providers could be engaged at relatively short notice if necessary.

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 COVID-19 and 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 pages 24 and 25 in Principal Risks and Uncertainties, on pages 44 and 45 in the Report of the Audit Committee and in Notes 17 to 22 to the financial statements.

The Directors also considered:

- The level of ongoing charges incurred by the Company which are modest and predictable and (at 31 May 2020), excluding the performance fee, total 1.10% and 1.03% 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.
- Directors are non-executive and the Company has no employees and consequently the Company does not have redundancy or other employment-related liabilities or responsibilities.
- The uncertainty surrounding the potential length of the COVID-19 pandemic, its impact on the global economy and the prospects for the Company's investment portfolios.
- The uncertainties regarding the UK's continuing trade negotiations with the EU following its departure on 31 January 2020.

These matters were assessed over a three year period to August 2023, and the Board will continue to assess viability over three year rolling periods.

As part of this assessment the Board considered a number of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds over a three-year period. The results demonstrated the impact on the Company's net assets and its expenses and its ability to meet its liabilities over that period.

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 August 2023.

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.

Our Approach

Environmental, social and governance issues can present both opportunities and threats to the long-term investment performance we aim to deliver to our shareholders. We are therefore committed to taking a responsible approach to ESG matters in ensuring that we have appointed a Manager that applies the highest standards of ESG practice in managing the Company's investments on behalf of shareholders. Our approach covers our own responsibilities on matters such as the composition of the Board, and also the impacts we have through the investments made on our behalf by our Manager which we recognise as the most material way in which we have an impact.

In setting and reporting on our ESG policies, we have considered the impacts of our activities and followed the relevant regulatory guidance including the requirements of Section 172(1) of the Companies Act 2006. We have also reported under the AIC Code of Corporate Governance (the "**AIC Code**") published in 2019.

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.

Responsible Ownership

The Board supports the Manager in its belief that good governance and sustainability practices creates value. BMO GAM is a signatory to the United Nations Principles for Responsible Investment ("**UNPRI**") under which signatories contribute to the development of a more sustainable global financial system. As such it aims to systematically incorporate ESG 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 company 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.

The Manager's Corporate Governance Guidelines set out expectations of the Boards of investee companies in terms of good corporate governance. This includes the affirmation of responsibility for reviewing internal business ethics policies and ensuring that there is an effective mechanism for the internal reporting of wrongdoing, whether within the investee company itself, or involving other parties, such as suppliers, customers, contractors or business partners. Under legislation, which is developing globally, there will be scope for more rigorous enforcement of anti-corruption and anti-bribery.

Voting

BMO GAM's Corporate Governance Guidelines set out expectations of the Boards of investee companies in terms of good corporate governance and 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.

In October 2019, the UK Financial Reporting Council launched the UK Stewardship Code 2020 ("**Stewardship Code**") which took effect on 1 January 2020. This sets out an ambitious standard for effective stewardship in the UK, defining stewardship as 'the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society'.

BMO GAM is committed to becoming a signatory of the new Stewardship Code and, as required by the FRC, will report on how it has applied the provisions in their annual Responsible Investment Review in early 2021. BMO GAM believes that its approach to stewardship is already substantially aligned with many of the expectations of the Stewardship Code, and relevant information will therefore already be incorporated in the Responsible Investment Review covering stewardship activities for 2019, which is available at bmogam.com.

With respect to the Company's investments, in the year to 31 May 2020, BMO GAM voted at 88 company meetings. Overall 98.8% of votes were with management, 1.1% of votes were against management and 0.1% of votes were abstained.

Policy Summary

Investment Objective and 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 Financial Conduct 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 Financial Conduct 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 under Investment Objective and 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 drawn down in the Income Portfolio and 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 24 to 26 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 as interim dividends, 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 price not less than the net asset value. For further details see pages 36 and 37.

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 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.

Board Diversity and Tenure

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 AIC Code of Corporate Governance 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 role and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

The Board is committed to maintaining the highest levels of corporate governance in terms of independence and once the Board's succession plan is complete would expect that in future the Directors to serve for a nine-year term, but this may be adjusted for reasons of flexibility and continuity.

Integrity and Business Ethics

The Board applies a strict anti-bribery and anti-corruption policy insofar as it applies to any directors or employees of BMO GAM or any other organisation with which the Company conducts business. The Board also ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts, hospitality and similar matters.

The Strategic Report, contained on pages 7 to 29, has been approved by the Board of Directors.

By order of the Board
For BMO Investment Business Limited
Company Secretary
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
5 August 2020

'The Company's shares have been a popular choice for parents, with more than 8,000 children becoming investors through a Child Trust Fund, Junior ISA or a Children's Investment Plan'

Board of Directors

Colin McGill, Chairman of the Board, 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.

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.

Other appointments: David is currently a non-executive director of The Character Group plc and Manchester and London Investment Trust plc.

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 will become the Chair of the Audit Committee following Alistair Stewart's retirement on 24 September 2020.

Other appointments: 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, Seneca Global Income & Growth Trust plc and NextEnergy Solar Fund Limited.

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. Alistair will retire from the Board immediately following the forthcoming AGM on 24 September 2020.

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.

Other appointments: 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.

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 twelfth Annual Report and Financial Statements of the Company for the year ended 31 May 2020. The Directors' biographies, Corporate Governance Statement, the Report of the Nomination Committee, the Report of the Management Engagement Committee, 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, 16 and 17. Principal risks and uncertainties can be found on pages 24 and 25 with further information in notes 17 to 22 to the financial statements.

Results and Dividends

The results for the year are set out in the financial statements on pages 55 to 82. The return attributable to shareholders was -£3,548,000, of which -£4,679,000 was attributable to the Income Portfolio and £1,131,000 to the Growth Portfolio.

The Company has paid quarterly interim dividends in the year ended 31 May 2020 as follows:

Interim Dividend Payments		
	Payment date	Rate per Income share
Fourth interim for 2019	12 July 2019	1.9p
First interim for 2020	11 October 2019	1.4p
Second interim for 2020	10 January 2020	1.4p
Third interim for 2020	14 April 2020	1.4p

A fourth interim dividend of 1.9p per Income share was paid after the year end, on 10 July 2020 to Income shareholders on the register at close of business on 19 June 2020. The total for the financial year to 31 May 2020 of 6.1p per Income share represents an increase of 2.5% over the 5.95p per Income share paid in respect of the previous financial year to 31 May 2019.

As set out in the Company's dividend policy on page 28, payments are made quarterly as interim dividends and the Company does not currently pay a final dividend that would require formal shareholder approval at the AGM. This enables the fourth interim dividend payment to be made in July and earlier than would be possible if that dividend was classed as a final dividend and subject to shareholder approval at the AGM in September.

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 Financial Conduct 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

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

The financial statements start on page 55 and the unqualified Independent Auditor's Report on the financial statements is on pages 51 to 54. The significant accounting policies of the Company are set out in note 1 to the financial statements.

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

31 January 2020 and does not consider that any related outcome would affect the Company's ability to continue as a going concern.

Most of the Company's principal risks and uncertainties are market related and comparable to other investment companies investing primarily in listed securities. An explanation of these risks and how they are managed is set out on pages 24 and 25. The Board has, in particular, considered the impact of increased market volatility since the COVID-19 outbreak but does not believe the Company's ability to continue as a going concern is affected.

The Company's investment objective and policy, which is described on page 28 and which is subject to regular Board monitoring processes, is designed to ensure that the Company is invested principally in listed securities. The value of these investments exceeds the Company's liabilities by a significant margin. The Company retains title to all assets held by its Custodian and has 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.

As part of the going concern review, the Directors noted that a £5 million fixed term loan is committed to the Company until 10 February 2022 and loan covenants are reviewed by the Board on a regular basis. Further details are set out in note 12 to the financial statements.

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 having assessed the principal risks and other matters, including the COVID-19 pandemic and in light of the controls and review processes noted and bearing in mind the nature of the Company's business and assets and revenue and expenditure projections, that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. 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 26.

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 23 September 2019 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 46.

Capital Structure

The Company's capital structure is explained in the 'Capital Structure' section on page 90 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 2020 the total issued share capital of the Company (excluding treasury shares) was represented 56.4% by Income shares and 43.6% 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 2020 the Company had 46,485,537 Income shares and 35,888,210 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 68% 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 90.

Share Conversion

During the year the Company's annual share conversion facility proceeded for those shareholders who had elected to do so. The net result of those conversions, which took effect on 7 November 2019, was an increase of 64,832 Income shares in issue and a decrease of 41,719 Growth shares in issue.

Directors' Remuneration Report

The Directors' Remuneration Report, which can be found on pages 47 to 49, provides detailed information on the remuneration arrangements for the Directors of the Company including the Directors' Remuneration Policy. Shareholders will be asked to approve both the Annual Report on Directors' Remuneration (**Resolution 3**) and the Directors' Remuneration Policy (**Resolution 2**) at the AGM on 24 September 2020.

There have been no material changes to the policy since approved by shareholders at the Annual General Meeting held on 21 September 2017. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole. It is intended that this policy will continue for the three year period ending at the AGM in 2023.

Director Re-Elections

Biographical details of the Directors, all of whom are non-executive, can be found on page 31 and are incorporated into this report by reference.

All of the Directors held office throughout the year under review. As explained under the Corporate Governance Statement on page 40, the Board has agreed that all Directors will retire annually. Mr A G Stewart is not standing for re-election and will therefore retire at the conclusion of the forthcoming Annual General Meeting. Accordingly, Mr D Harris, Ms S P Inglis, Mr C S McGill and Mr D Warnock will retire at the AGM and, being eligible, offer themselves for re-election. (**Resolutions 4 to 7**). The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below.

- **Resolution 4** 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 5** 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 6** 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 7** relates to the re-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. Additional information on diversity and tenure is set out on pages 29 and 42.

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 believe that it is in the interests of shareholders that each of those Directors seeking re-election is 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 and will be available for inspection at the Annual General Meeting.

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. The Company also maintains directors' and officers' liability insurance.

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. The Custodian is paid a variable fee dependent on the number of trades and location of the securities held.

Depositary

JPMorgan Europe Limited (the '**Depositary**') acts as the Company's depositary in accordance with the AIFMD. The Depositary'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. The Depositary receives for its services a fee of one basis point per annum on the value of the Company's net assets, payable monthly in arrears.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolios to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary 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 16 and 17.

Environmental, Social and Governance

Details on the Company's Environmental, Social and Governance policies including voting on portfolio investments is set out on page 27.

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.

Modern Slavery Act 2015

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 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 Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG, on Thursday 24 September 2020 at 9.30am. The notice of Annual General Meeting is set out on pages 84 to 88.

Given the COVID-19 pandemic and related guidance received from the Government, the Board has been carefully considering the arrangements for the upcoming Annual General Meeting of the Company (the "AGM") in conjunction with the health, wellbeing and safety of shareholders and other attendees. Should any Government restrictions and social distancing measures remain in place in September, shareholders are strongly discouraged from attending the AGM. The Company may in accordance with its Articles of Association and following such Government guidance impose entry restrictions on persons wishing to attend. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business be concluded. All shareholders are strongly encouraged to exercise their votes in respect of the AGM in advance to ensure that their votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from its shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance. In addition, the answers to any frequently asked questions will be posted on our website after the AGM. Shareholders should submit any questions they may have to MPTCoSec@bmogam.com before 22 September 2020.

Resolutions 10 to 15 are explained below.

Directors' Authority to Allot Shares and Sell Shares from Treasury (Resolutions 10, 11 and 12)

Since the Annual General Meeting of the Company held on 23 September 2019, and in accordance with the authorities granted, the Board has exercised its powers by issuing 2,700,000 new Income shares and 445,000 new Growth shares (representing 5.8% and 1.2% of the Company's total issued Income share and Growth share capital respectively (excluding treasury shares) as at 5 August 2020) 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 or sell shares from treasury will increase liquidity and reduce volatility by preventing the build-up of excessive demand for shares.

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).

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

Resolution 10 (authority to allot shares) will, if passed, authorise the Directors to allot new Income shares up to an aggregate nominal amount of £890,590.90 (consisting of 9,377,000 Income shares) and new Growth shares up to an aggregate nominal amount of £684,492.76 (consisting of 7,207,000 Growth shares), being approximately 20% of the Company's total issued Income shares and approximately 20% of the Company's total issued Growth shares (excluding treasury shares) as at 5 August 2020.

Resolution 11 (power to disapply pre-emption rights) will, if passed, authorise the Directors to allot new Income shares, or resell Income shares held in treasury, up to an aggregate nominal amount of £445,295.45 (consisting of 4,688,500 Income shares) and allot new Growth shares or resell Growth shares held in treasury, up to an aggregate nominal amount of £342,246.38 (consisting of 3,603,500 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 5 August 2020, for cash without first offering such shares to existing shareholders pro rata to their existing holdings.

Resolution 12 (additional power to dissaply pre-emption rights) will, if passed, and in addition to Resolution 11, authorise the Directors to allot further new Income shares, or resell Income shares held in treasury, up to an aggregate nominal amount of £445,295.45 (consisting of 4,688,500 Income shares) and allot new Growth shares, or resell Growth shares held in treasury up to an aggregate nominal amount of £342,246.38 (consisting of 3,603,500 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 5 August 2020, for cash without first offering such shares to existing shareholders pro rata to their existing holdings.

These authorities will continue until the earlier of 24 December 2021 (being 15 months from the date of the Annual General Meeting in 2020) and the conclusion of the Annual General Meeting in 2021. 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 13)

At the last Annual General Meeting held on 23 September 2019 shareholders gave the Company authority to make market purchases of up to 6,613,600 Income shares and 5,322,100 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 2020, the Company purchased through the market for treasury, 200,000 Growth shares with a nominal value of 10p each, representing 0.6% of the Growth shares in issue at the previous financial year end, for a total consideration of £422,000 in accordance with the Company's discount management policy.

During the year to 31 May 2020, 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 13**, 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 £0.094976101 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 24 December 2021 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 82,923,747 Income shares and Growth shares in issue (excluding treasury shares) as at 5 August 2020 of which 46,885,537 (56.5%) are Income shares and 36,038,210 (43.5%) are Growth shares. At that date, the Company held nil Income shares and nil Growth shares in treasury.

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.

Amendments to the Articles of Association (Resolution 15)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the '**New Articles**') in order to update the Company's current Articles of Association (the '**Existing Articles**'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted and principally include provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings).

We have summarised in the appendix to the AGM Notice (page 88) those changes introduced in the New Articles which we consider will be of most interest to shareholders. Other changes, which are of a minor, technical or clarifying nature, have not been noted in the appendix.

It should be noted that, while the New Articles (if adopted) will allow for shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a wholly electronic meeting. The Directors intend to continue to hold physical meetings and these provisions will only be used in exceptional circumstances (such as due to COVID-19) where it is impossible or inappropriate to do so and where the Directors consider it is in the best of interests of shareholders for a virtual or hybrid meeting to be held. Nothing in the New Articles will prevent the Company from holding physical general meetings.

The New Articles, showing all the changes to the Existing Articles, will be available for inspection on the Company's website, **bmomanagedportfolio.com** from the date of the AGM Notice until the close of the AGM and will also be available for inspection from 15 minutes before and at the AGM.

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
5 August 2020

Corporate Governance Statement

The biographical details of the Directors responsible for the governance of the Company are set out on page 31. Committee membership is also included and the respective terms of reference and biographies are also available on the Company's website **bmomanagedportfolio.com**

In maintaining the confidence and trust of the Company's shareholders, the Board sets out to adhere to the highest standards of corporate governance, business and ethics transparency and it remains committed to doing so. As the Board believes that good governance creates value, it expects the investment companies in which it invests to apply high standards.

Governance Overview

The Board has established an Audit Committee, Management Engagement Committee and Nomination Committee. The role and responsibilities of these committees are set out in their respective reports, which follow, and their terms of reference are also available on the Company's website. 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.

As set out in the Strategic Report the Board has appointed the Manager to manage the investment portfolios as well as to carry out the day to day management and administrative functions. Reporting from the Manager is set out on pages 13 to 17 and in the Report of the Audit Committee in respect of internal controls on page 45. The Board's evaluation of the Manager can be found on page 43.

The Board has direct access to company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable laws, regulations and best practice requirements are complied with.

Compliance with the AIC Code of Corporate Governance (the "AIC Code")

The Board of BMO Managed Portfolio Trust PLC has considered and support the principles and provisions of the AIC Code published in February 2019. The AIC code addresses the principles and provisions set out in the UK Corporate Governance Code (the "**UK Code**") as well as setting out additional provisions on issues that are of specific relevance to investment companies. Also there are two main differences. In the AIC Code, both the nine year limit on chair tenure and the restriction on the chair of the Board being a member of the Audit Committee have been removed.

Mr C S McGill, the Chairman, was appointed to the Board in February 2008 and then as Chairman in January 2019. As set out in the Report of the Nomination Committee, a succession plan for the Board is in progress while ensuring continuity of knowledge and culture of the Company and further changes will occur during 2021. The tenure policy relating to the Directors, which includes the Chairman, is set out on page 29.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

By reporting against the AIC Code, the Company meets its obligations in relation to the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are not relevant to it as an externally managed investment company.

The Board believes that the Company has complied with the recommendations of the AIC Code during the year under review and up to the date of this report and, except as regards the provisions of the UK Code set out below, has thereby complied with the relevant provisions of the UK Code:

- the role of the Chief Executive;
- executive Directors' remuneration;
- the need for an internal audit function;
- membership of the Audit Committee by the Chairman of the Board; and
- workforce engagement

For the reasons set out in the AIC Code, the Board considers these provisions as not being relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day to day management and administrative functions have been delegated to the Manager. As a result, the Company has no executive directors, employees or internal operations. As explained in the Report of the Audit Committee, the Chairman of the Board is also a member of the Audit Committee, as permitted by the AIC Code. Therefore, with the exception of the need for an internal audit function, which is addressed on page 45, we have not reported further in respect of these provisions.

The AIC Code can be found on **theaic.co.uk** and the UK Code on **frc.org.uk**

Board Leadership and Company Purpose

The Board consists solely of non-executive Directors and Mr C S McGill is the Chairman. The Board is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that it has reserved for its decision, which is reviewed periodically.

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 and corporate governance procedures, are reserved for the approval of the Board of Directors.

The Board currently meets at least four times a year and at each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Manager has discretion to act, and thus supervises the management of the investment portfolio which is contractually delegated to the Manager.

The Company's purpose and the basis on which the Company aims to generate value over the longer term is set out within the Purpose, Strategy and Business Model on pages 10 to 11 and how the Board seeks to promotes the success of the Company is set out on pages 22 to 23.

Division of Board Responsibilities

As an externally managed investment company, all the Directors are non-executive and there are no employees. Mr C S McGill, as Chairman, is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of matters in conjunction with the Company Secretary. Mr D Harris is the Senior Independent Director and acts as an experienced sounding board for the Chairman or as an intermediary for shareholders. He also leads the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. No such advice was taken during the year under review. The Company maintains appropriate directors' and officers' liability insurance. Full details of the duties of Directors are provided at the time of appointment. New Directors receive an induction from the Manager on joining the Board, and all Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to laws, regulations and best practice requirements from the Company Secretary and other parties, including the AIC. All of the Directors consider that they have sufficient time to discharge their duties.

All Directors are considered by the Board to be independent of the Company's Manager and the Board believes that each Director is independent in character and judgement and 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.

Directors' Attendance During the Year Ended 31 May 2020

	Board of Directors	Audit Committee	Management Engagement Committee	Nomination Committee
No. of meetings	**4**	**3**	**1**	**2**
C S McGill	4	3	1	2
D Harris	4	3	1	2
S P Inglis	4	3	1	2
A G Stewart	4	3	1	2
D Warnock	4	3	1	2

In addition, during the year, meetings were held to approve the interim dividends and also with respect to the annual share conversion facility. All Directors attended the Annual General Meeting in September 2019.

Composition and Succession

The composition of the Board and Committees together with the experience of the members is set out on page 31. The Company's diversity and tenure policy is set out on page 29.

Under the requirements of the Articles of Association, Directors are subject to election at the first Annual General Meeting after their appointment. The Board has agreed that all Directors will retire annually and, if appropriate, seek re-election.

Three of the current non-executive Directors (C S McGill, D Harris and A G Stewart) have now served on the Board for more than nine years. As part of the Board's succession plan, having appointed two new non-executive Directors during the financial year to 31 May 2019, this will now allow for the retirement of one of the longer serving Directors. This balances the need to ensure an adequate level of continuity and experience on the Board thereby acting in the best interests of shareholders. Mr A G Stewart will retire following the forthcoming annual general meeting and further changes will occur during 2021.

Board Evaluation and Effectiveness

During the year the performance of the Board and Committees, including the performance of each individual Director and the Chairman, was evaluated through a formal assessment process, led by 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 and the Chairman continues to be effective and each remains committed to the Company and that the Board oversees the management of the Company effectively and has the skills and expertise to safeguard shareholders' interests.

The conclusion from the assessment process was also that the Audit Committee, Nomination Committee and Management Engagement Committee were operating effectively, with the right balance of membership, experience and skills.

Audit, Risk and Internal Control

The Board has established an Audit Committee, the report of which is set out on pages 44 to 46. The report includes the rationale for the Company not having established its own internal audit function; how the independence and effectiveness of the external auditor is assessed and how the Board satisfies itself on the integrity of financial statements. The report also covers the process under which the Board satisfied itself that the Annual Report and Financial Statements presents a fair, balanced and understandable assessment of the Company's position and prospects. There is an explanation of the procedures under which risk is managed and how the Board oversees the internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. Details of the principal risks and uncertainties are set out on pages 24 to 25 and further information on the Company's risk management and internal control framework can be found on pages 44 to 45.

Relations with Shareholders and Other Stakeholders

Communication with the Company's key stakeholders, who are its shareholders, the Manager, bankers and other key service providers is set out on page 11.

Remuneration

Information on the remuneration arrangements for the Directors of the Company can be found in the Remuneration Report on pages 47 to 49 and in note 5 to the financial statements.

The remuneration policy is explained on page 47 and that, as non-executive Directors, their fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. While there are no executive Directors and no employees, shareholders should expect that the fees paid to the Manager are aligned with the Company's purpose, values and the successful delivery of its long-term strategy.

Share Capital and Companies Act 2006 Disclosures

Details of the Company's share capital structure are set out on page 33 and other Companies Act 2006 disclosures are included on page 35.

By order of the Board
For BMO Investment Business Limited
Company Secretary
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
5 August 2020

Report of the Nomination Committee

Composition of the Committee

The Committee comprises the full Board and is chaired by Mr C S McGill and its terms of reference can be found on the website at **bmomanagedportfolio.com**

Role of the Committee

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition. It takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, diversity including gender, independence and knowledge of the Company within the Board and ensuring succession planning is carefully managed.

The Committee met on two occasions during the year and considered matters such as:

- the size of the Board and its composition, particularly in terms of succession planning and the experience and skills of individual Directors and diversity of the Board as a whole;
- tenure; and
- future retirement of Directors.

Diversity and tenure

The Company's Board diversity and tenure policy is shown on page 29 and recruitment searches are open to a diverse range of candidates. The Directors have not set any measurable objectives in relation to diversity of the Board and will always appoint the best person for the role.

The Board believes that a Director's tenure does not necessarily reduce his or her contribution or ability to act independently and that continuity and experience can add significantly to the strength of investment trust Boards where the characteristics and relationships tend to differ from those of other companies.

Three of the Directors have served on the Board since the launch of the Company in 2008 and have therefore served for more than nine years. Two new Directors were appointed during the financial year to 31 May 2019 as part of the Board's succession plan to enable future retirements while ensuring continuity of knowledge and culture of the Company.

The Board is committed to maintaining the highest levels of corporate governance in terms of independence and once the Board's succession plan is complete would expect that in future the Directors to serve for a nine-year term, but this may be adjusted for reasons of flexibility and continuity.

Appointments and Succession Planning

Appointments of all new Directors are made on a formal basis, using professional search consultants as appropriate, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

It has been agreed that Mr A G Stewart will retire following the conclusion of the forthcoming Annual General Meeting to be held on 24 September 2020 and it is anticipated that further changes will occur during 2021.

Ms S Inglis will become the Chairman of the Audit Committee when Mr A G Stewart retires.

Committee Evaluation

The activities of the Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 41. The conclusion from the process was that the Committee was operating effectively, with the right balance of experience and skills.

Colin S McGill
Chairman of the Nomination Committee
5 August 2020

Report of the Management Engagement Committee

Composition of the Committee

The Committee comprises the full Board and is chaired by Mr C S McGill and its terms of reference can be found on the website at **bmomanagedportfolio.com**

Role of the Committee

The Committee meets at least annually and its role is to review the terms and conditions of the Manager's appointment and the services it and other key service providers provide and the fees charged.

The Committee met on one occasion during the year.

Manager Evaluation Process and Reappointment

Since the end of the year, the 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 skills, experience and depth of the Manager's team involved in managing the Company's assets and its ability to produce satisfactory investment performance in the future.

Investment performance is also considered by the Board at every meeting and it receives reports from the Manager on investment activity, attribution, gearing, risk and performance. This allows the Board to assess the management of the investment portfolios against the Company's investment objective on an ongoing basis together with performance against the Company's key performance indicators.

The Committee also considered the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include ESG, marketing, company secretarial and accounting services.

Following this review, it was the Committee's view that the continuing appointment of the Manager on the terms agreed was in the interests of shareholders as a whole. The Board ratified this recommendation.

Committee Evaluation

The activities of the Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 41. The conclusion from the process was that the Committee was operating effectively, with the right balance of experience and skills.

Colin S McGill
Chairman of the Management Engagement Committee
5 August 2020

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.

The Audit Committee is chaired by Mr A G Stewart who has 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 and accordingly have sufficient experience to discharge their responsibilities. Given the relevant financial experience of the Chairman of the Board, his continued independence and valued contribution, the Audit Committee considers it appropriate that he is a member. Details of the members can be found on page 31 and the Committee's terms of reference are available at the website **bmomanagedportfolio.com**.

The performance of the Committe 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 40. 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 50.

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 provides 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 24 and 25 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 26 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 2019 (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.

Through the reviews and reporting arrangements set out above and by direct enquiry of BMO GAM and other relevant parties, the Committee and the Board have satisfied themselves that there were no material control failures.

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 2020. The Audit Committee met in July 2020 to discuss the draft Annual Report and Financial Statements, with representatives of KPMG and BMO GAM in attendance and KPMG presented their year-end report to the Audit Committee. 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 51 to 54. The significant matters considered by the Audit Committee are discussed in the table on the following page.

Non-audit Services

The Committee regards the continued independence of the auditor to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditor is not considered to be expert providers of the non-audit services;

- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditor.

In particular, the Committee has a policy 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 not exceed 70% of the average audit fee for the previous three years.

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 £3,500 for the year (2019: £2,500) and which related to agreed upon procedures in relation to the annual share conversion facility. 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.

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. John Waterson, 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 Committeee 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 £25,000 (2019: £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 45, 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 45, 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 2020.

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
5 August 2020

Directors' Remuneration Report

Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 31 May 2020, 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 51 to 54.

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 be set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution 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.

The Company has not received any views from its shareholders in respect of the levels of Directors' remuneration. This policy will be put to shareholders for approval at the forthcoming AGM (**Resolution 2**) and it is intended that the policy will continue for the three year period ending at the AGM in 2023.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit 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 dates on which each Director was appointed to the Board are set out under their biographies on page 31. The terms of appointment provide that a Director shall retire and be subject to 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 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. All the Directors were last elected/re-elected at the AGM held on 23 September 2019 and with the exception of Mr A G Stewart will stand for re-election at the AGM on 24 September 2020. 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 effective 1 June 2019 the amounts paid to Directors increased 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.

Future Policy Table

Following a review of the level of Directors' fees for the forthcoming year to 31 May 2021, the Board concluded that the amounts paid to Directors would increase by, £500 per annum for the Chairman, £450 per annum for the Audit Committee Chairman and £400 per annum for each of the other Directors.

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

Director	31 May 2021 £	31 May 2020[#] £
Chairman	29,500	29,000
Audit Committee chairman	25,450	25,000
Director	22,400	22,000

[#] Actual Directors' remuneration for the year ended 31 May 2020.

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 2020 and 2019 and can expect to receive the fees indicated for 2021 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)

	Fees (audited)		Taxable benefits[1] (audited)		Total (audited)		Anticipated fees[2]
Director	31 May 2020 £	31 May 2019 £	31 May 2020 £	31 May 2019 £	31 May 2020 £	31 May 2019 £	31 May 2021 £
C S McGill (Chairman)[3]	29,000	24,879	116	386	29,116	25,265	29,500
R M Martin (Chairman)[3]	n/a	16,016	n/a	224	n/a	16,240	n/a
D Harris	22,000	20,000	2,430	2,240	24,430	22,240	22,400
S P Inglis[4]	22,000	17,954	–	252	22,000	18,206	24,481
A G Stewart	25,000	21,253	106	403	25,106	21,656	8,072
D Warnock[5]	22,000	8,352	–	–	22,000	8,352	22,400
Total	120,000	108,454	2,652	3,505	122,652	111,959	106,853

(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 2021. Taxable benefits are also anticipated but are not currently quantifiable. (The anticipated fees reflect that A G Stewart will retire following the AGM at which point S P Inglis will become the Audit Committee chairman).

(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 2020 £	31 May 2019 £	Change %
Aggregate Directors' remuneration[1]	120,000	108,454	+10.6
Management and other expenses, excluding performance fee	1,298,000	1,248,546	+4.0
Performance fee	469,000	330,000	+42.1
Quarterly dividends paid to shareholders (relating to the year)[2]	2,765,000	2,576,000	+7.3
Aggregate cost of Income shares and Growth shares repurchased	422,000	149,000	+183.2

(1) The Board increased to comprise five Directors during the year to 31 May 2019 and also throughout the year to 31 May 2020 but the objective is to return to a Board of four Directors.

(2) The annual dividend increased by 2.5% from 5.95p to 6.1p per Income share however the cost of the dividend increaxsed by 7.3% due to the issuance of new Income shares during the year to 31 May 2020.

Directors' Shareholdings (Audited)

The Directors who held office at the year end and their interests in the shares of the Company at 31 May 2020 (all of which were beneficially held) were as follows:

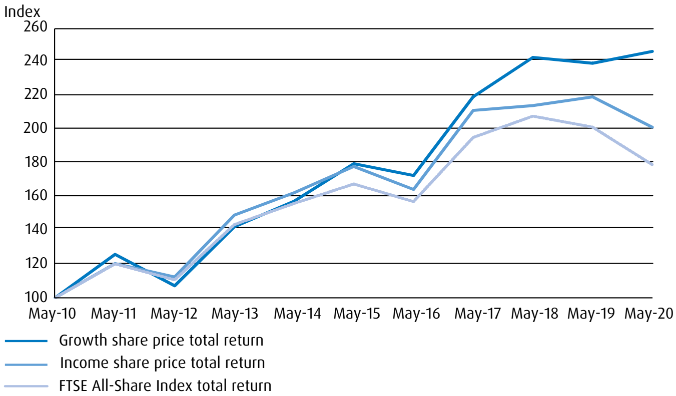
	31 May 2020		31 May 2019	
Director	Income Shares	Growth Shares	Income Shares	Growth Shares
C S McGill (Chairman)	10,000	10,000	10,000	10,000
D Harris	5,000	5,000	5,000	5,000
S P Inglis	3,000	12,000	3,000	12,000
A G Stewart	10,000	10,000	10,000	10,000
D Warnock	30,000	20,000	30,000	20,000

There have been no changes in the Directors' interests in the shares of the Company between 31 May 2020 and 5 August 2020.

Company Performance

The graph below compares, for the ten financial years ended 31 May 2020, 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 2010)



Source: BMO GAM and Refinitive Eikon

Voting at Annual General Meeting on Annual Remuneration Report

At the Company's last Annual General Meeting, held on 23 September 2019, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 May 2019. 95.3% of votes were in favour of the resolution and 4.7% 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 3**).

On behalf of the Board
Colin S McGill
Director
5 August 2020

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Annual Report and 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
5 August 2020

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 2020 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 2020 and of the Company's return for the year then ended;
- the financial statements 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
- the financial statements 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 3 financial years ended 31 May 2020. 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:	£1.3m (2019: £1.3m)
group financial statements as a whole	1% (2019: 1%) of total assets
Risks of Material Misstatement	**vs 2019**
Recurring risks Carrying Value of Quoted Investments	◀▶

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

Key audit matters are those matters that, in our professional judgment, 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 2019), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This 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 this matter.

	The risk	Our response
Carrying value of quoted investments (£130.2 million; 2019: £130.2 million) *Refer to page 46 (Audit Committee Report), page 61 (accounting policy) and pages 71-72 (financial disclosures).*	**Low risk, high value** The company's portfolio of quoted investments makes up 96.7% (2019: 95.5%) of the Company's total assets (by value) which are the key driver 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, quoted 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.	Our procedures included: — **Tests of detail:** Agreed the valuation of 100% of investments in the portfolio to externally quoted prices; and; — **Enquiry of depository:** Agreed 100% of investment holdings in the portfolio to independently received third party confirmations from the Depository; **Our results:** — We found the carrying amount of quoted investments to be acceptable (2019: acceptable)

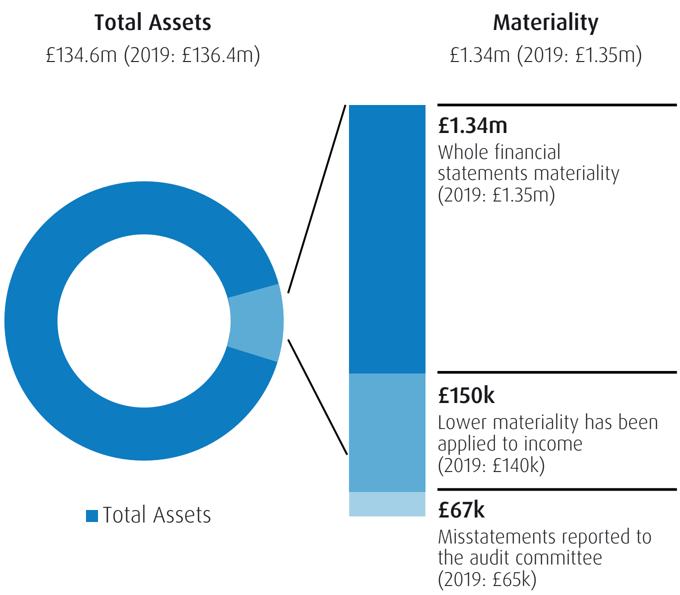
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1.3 million (2019: £1.3 million), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

In addition, we applied materiality of £150,000 (2019: £140,000) to the Income line item in 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 £67,000 (2019: £65,000), 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 by a single audit team.



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 their 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 their 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 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 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 Group and 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 32-33 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 emerging and 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 Viability Statement on page 26 that they have carried out a robust assessment of the emerging and 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 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 50, 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, 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
5 August 2020

Income Statement

Notes	For the Year Ended 31 May	Revenue 2020 £'000	Capital 2020 £'000	Total 2020 £'000	Revenue 2019 £'000	Capital 2019 £'000	Total 2019 £'000
10	Losses on investments	–	(5,376)	(5,376)	–	(880)	(880)
	Foreign exchange losses	–	(13)	(13)	–	(8)	(8)
3	Income	3,851	–	3,851	3,655	–	3,655
4	Investment management and performance fees	(257)	(1,093)	(1,350)	(252)	(940)	(1,192)
5	Other expenses	(537)	–	(537)	(495)	–	(495)
	Return on ordinary activities before finance costs and tax	3,057	(6,482)	(3,425)	2,908	(1,828)	1,080
6	Finance costs	(44)	(66)	(110)	(44)	(65)	(109)
	Return on ordinary activities before tax	3,013	(6,548)	(3,535)	2,864	(1,893)	971
7	Tax on ordinary activities	(13)	–	(13)	(24)	–	(24)
	Return attributable to shareholders	3,000	(6,548)	(3,548)	2,840	(1,893)	947
9	**Return per Income share**	6.69p	(17.13p)	(10.44p)	6.59p	(3.47p)	3.12p
9	**Return per Growth share**	–	3.18p	3.18p	–	(1.12p)	(1.12p)

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 60 to 82 are an integral part of these financial statements.

Balance Sheet

Notes	As at 31 May	Income shares 2020 £'000	Growth shares 2020 £'000	Total 2020 £'000	Income shares 2019 £'000	Growth shares 2019 £'000	Total 2019 £'000
	Fixed assets						
10	Investments at fair value	57,887	72,356	130,243	61,321	68,943	130,264
	Current assets						
11	Debtors	219	79	298	292	47	339
	Cash at bank and on deposit	1,061	3,071	4,132	1,256	4,571	5,827
		1,280	3,150	4,430	1,548	4,618	6,166
	Creditors						
12	Amounts falling due within one year	(173)	(733)	(906)	(241)	(191)	(432)
	Net current assets	1,107	2,417	3,524	1,307	4,427	5,734
	Creditors						
12	Amounts falling due in more than one year	(5,206)	–	(5,206)	(5,000)	(257)	(5,257)
	Net assets	53,788	74,773	128,561	57,628	73,113	130,741
	Capital and reserves						
13	Called-up share capital	4,415	3,408	7,823	4,372	3,563	7,935
14	Share premium	26,909	22,006	48,915	23,703	21,417	45,120
14	Capital redemption reserve	252	364	616	30	186	216
14	Special reserve	19,147	17,034	36,181	19,066	17,117	36,183
14	Capital reserves	240	31,961	32,201	7,919	30,830	38,749
14	Revenue reserve	2,825	–	2,825	2,538	–	2,538
15	**Shareholders' funds**	53,788	74,773	128,561	57,628	73,113	130,741
15	**Net asset value per share (pence)**	115.71p	208.35p		131.81p	205.17p	

Company Number: SC338196

Approved by the Board and authorised for issue on 5 August 2020 and signed on its behalf by:

Colin S McGill, Director.

The accompanying notes on pages 60 to 82 are an integral part of these financial statements.

Cash Flow Statement

Notes	For the Year Ended 31 May	Income shares 2020 £'000	Growth shares 2020 £'000	Total 2020 £'000	Income shares 2019 £'000	Growth shares 2019 £'000	Total 2019 £'000
16	Net cash outflow from operations before dividends and interest	(720)	(758)	(1,478)	(624)	(984)	(1,608)
	Dividends received	2,829	1,028	3,857	2,574	1,002	3,576
	Interest received	10	18	28	9	20	29
	Interest paid	(102)	–	(102)	(102)	–	(102)
	Net cash inflow from operating activities	2,017	288	2,305	1,857	38	1,895
	Investing activities						
	Purchases of investments	(6,668)	(3,428)	(10,096)	(5,607)	(7,408)	(13,015)
	Sales of investments	3,617	1,111	4,728	5,068	7,758	12,826
	Net cash flows from investing activities	(3,051)	(2,317)	(5,368)	(539)	350	(189)
	Net cash flows before financing activities	(1,034)	(2,029)	(3,063)	1,318	388	1,706
	Financing activities						
8	Equity dividends paid	(2,713)	–	(2,713)	(2,864)	–	(2,864)
	Proceeds from issuance of new shares	3,466	594	4,060	1,129	746	1,875
	Share conversion – Income to Growth	(321)	321	–	(305)	305	–
	Share conversion – Growth to Income	407	(407)	–	73	(73)	–
	Sale of shares from treasury	–	443	443	–	157	157
	Shares purchased to be held in treasury	–	(422)	(422)	–	(149)	(149)
	Net cash flows from financing activities	839	529	1,368	(1,967)	986	(981)
	Net movement in cash and cash equivalents	(195)	(1,500)	(1,695)	(649)	1,374	725
	Cash and cash equivalents at the beginning of the year	1,256	4,571	5,827	1,905	3,197	5,102
	Cash and cash equivalents at the end of the year	1,061	3,071	4,132	1,256	4,571	5,827
	Represented by:						
	Cash at bank and short-term deposits	1,061	3,071	4,132	1,256	4,571	5,827

The accompanying notes on pages 60 to 82 are an integral part of these financial statements.

Statement of Changes in Equity

Notes	For the Year Ended 31 May 2020	Share capital £'000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserves £000	Revenue reserve £000	Total shareholders' funds £000
	Income shares							
	As at 31 May 2019	4,372	23,703	30	19,066	7,919	2,538	57,628
13	Increase in share capital in issue, net of share issuance expenses	260	3,206	–	–	–	–	3,466
13	Share conversion	5	–	–	81	–	–	86
13	Cancellation of deferred shares	(222)	–	222	–	–	–	–
	Transfer of net income from Growth to Income Portfolio	–	–	–	–	–	680	680
	Transfer of capital from Income to Growth Portfolio	–	–	–	–	(680)	–	(680)
8	Dividends paid	–	–	–	–	–	(2,713)	(2,713)
	Return attributable to shareholders	–	–	–	–	(6,999)	2,320	(4,679)
	As at 31 May 2020	4,415	26,909	252	19,147	240	2,825	53,788
	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 2019	3,563	21,417	186	17,117	30,830	–	73,113
13	Increase in share capital in issue, net of share issuance expenses	28	566	–	–	–	–	594
13	Shares sold from treasury	–	23	–	420	–	–	443
13	Shares purchased for treasury	–	–	–	(422)	–	–	(422)
13	Share conversion	(5)	–	–	(81)	–	–	(86)
13	Cancellation of deferred shares	(178)	–	178	–	–	–	–
	Transfer of net income from Growth to Income Portfolio	–	–	–	–	–	(680)	(680)
	Transfer of capital from Income to Growth Portfolio	–	–	–	–	680	–	680
	Return attributable to shareholders	–	–	–	–	451	680	1,131
	As at 31 May 2020	3,408	22,006	364	17,034	31,961	–	74,773
	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 2019	7,935	45,120	216	36,183	38,749	2,538	130,741
	Increase in share capital in issue, net of share issuance expenses	288	3,772	–	–	–	–	4,060
	Shares sold from treasury	–	23	–	420	–	–	443
	Shares purchased for treasury	–	–	–	(422)	–	–	(422)
	Share conversion	–	–	–	–	–	–	–
	Cancellation of deferred shares	(400)	–	400	–	–	–	–
8	Dividends paid	–	–	–	–	–	(2,713)	(2,713)
	Return attributable to shareholders	–	–	–	–	(6,548)	3,000	(3,548)
	Total Company as at 31 May 2020	7,823	48,915	616	36,181	32,201	2,825	128,561

The accompanying notes on pages 60 to 82 are an integral part of these financial statements.

Statement of Changes in Equity – continued

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
	As at 31 May 2018	4,306	22,597	–	19,371	9,414	2,562	58,250
13	Increase in share capital in issue, net of share issuance expenses	85	1,044	–	–	–	–	1,129
	Share conversion	(13)	62	24	(305)	–	–	(232)
	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**

Notes		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 2018	3,517	20,408	182	17,190	31,228	–	72,525
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)
	Share conversion	13	289	3	(73)	–	–	232
	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**

Notes		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 2018	7,823	43,005	182	36,561	40,642	2,562	130,775
	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 60 to 82 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 and going concern

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

There have been no significant changes to the Company's accounting policies during the year ended 31 May 2020.

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.

The Company's assets consist mainly of equity shares in closed-end investment companies which are traded in the UK or another Regulated Stock Exchange and in most circumstances, including in the current market environment, are expected to be readily realisable.

The Company has a fixed term loan of £5 million which is committed to the Company until 10 February 2022. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. If required, it is expected that a new loan could be entered into when the current arrangement expires on 10 February 2022, but if not, or should the Board decide not to renew this, any outstanding borrowing would be repaid through the use of cash and, if required, from the proceeds of the sale of the Company's investments.

The Board has considered the Company's principal risks and uncertainties and other matters, including the COVID-19 pandemic and has considered a number of stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds and demonstrated that if required the Company had the ability to raise sufficient funds so as to remain within its debt covenants and meet its liabilities.

As such, and in light of the controls and review processes in place and bearing in mind the nature of the Company's business and assets and revenue and expenditure projections, the Directors believe 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, the Board continues to adopt the going concern basis in preparing the financial statements.

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.

1. Accounting Policies (Continued)

(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. The portfolios of financial assets are managed and their performance evaluated on a fair value basis, in accordance with the documented investment strategy, and information about the Portfolios is provided on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments "at fair value through profit or loss". Fair value is taken to be the investment cost at the trade date 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.

(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 are 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.

1. Accounting Policies (Continued)

(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.

(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	2020	2019
US Dollar	**1.24**	1.26
Swiss Franc	**1.19**	1.27
Euro	**1.11**	1.13

(i) Reserves

(a) *Share premium* – the surplus of net proceeds received from the issuance of new shares 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.

(b) *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.

(c) *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 reflected through 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 55, 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 2020

		Income Portfolio			Growth Portfolio			Total		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	–	(6,472)	(6,472)	–	1,096	1,096	–	(5,376)	(5,376)
Foreign exchange losses		–	(13)	(13)	–	–	–	–	(13)	(13)
Income	3	2,779	–	2,779	1,072	–	1,072	3,851	–	3,851
Investment management and performance fees	4	(161)	(448)	(609)	(96)	(645)	(741)	(257)	(1,093)	(1,350)
Other expenses	5	(241)	–	(241)	(296)	–	(296)	(537)	–	(537)
Return on ordinary activities before finance costs and tax		2,377	(6,933)	(4,556)	680	451	1,131	3,057	(6,482)	(3,425)
Finance costs	6	(44)	(66)	(110)	–	–	–	(44)	(66)	(110)
Return on ordinary activities before tax		2,333	(6,999)	(4,666)	680	451	1,131	3,013	(6,548)	(3,535)
Tax on ordinary activities	7	(13)	–	(13)	–	–	–	(13)	–	(13)
Return(1)	9	2,320	(6,999)	(4,679)	680	451	1,131	3,000	(6,548)	(3,548)

(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 2019

		Income Portfolio			Growth Portfolio			Total		
	Notes	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.

3. Income

	2020			2019		
	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	**1,661**	**1,018**	**2,679**	1,483	918	2,401
Overseas dividends	**1,108**	**36**	**1,144**	1,143	82	1,225
	2,769	**1,054**	**3,823**	2,626	1,000	3,626
Other income[2]						
Deposit interest	**10**	**18**	**28**	9	20	29
Total income	**2,779**	**1,072**	**3,851**	2,635	1,020	3,655
Total income comprises:						
Dividends	**2,769**	**1,054**	**3,823**	2,626	1,000	3,626
Other income	**10**	**18**	**28**	9	20	29
	2,779	**1,072**	**3,851**	2,635	1,020	3,655

[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 2020

	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	242	403	96	382	478	257	624	881
Performance fee	–	206	206	–	263	263	–	469	469
	161	448	609	96	645	741	257	1,093	1,350

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

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, although outperformance in excess of this cap is taken into account in calculating the performance fee in the next four financial years. It 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 2020 the adjusted total return of the Income Portfolio for the period since 31 May 2019 (being the date a performance fee was last payable) exceeded that of the FTSE All-Share Index and a performance fee of £226,000 has been calculated (2019: £73,000). 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 £206,000 has been recognised. As the NAV per Income share at 31 May 2020 is less than the Watermark NAV of 131.81p (NAV per Income share at 31 May 2019) payment shall be deferred as described earlier.

At 31 May 2020 the adjusted total return of the Growth Portfolio for the period since 31 May 2019 (being the date a performance fee was last accrued) exceeded that of the FTSE All-Share Index and a performance fee of £971,000 has been calculated (2019: £277,000). 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 £263,000 has been recognised (2019: £257,000).

As noted above, in the prior financial year to 31 May 2019 the performance fee in the Growth Portfolio was also capped at 0.35% of total assets of the Growth Portfolio (2019: £257,000) and as the NAV per Growth share at 31 May 2019 was less than the Watermark NAV at 31 May 2018 (the date a performance fee was last payable in the Growth Portfolio) the performance fee was accrued in the Growth Portfolio at 31 May 2019 but payment was deferred. As the NAV per Growth share at 31 May 2020 is greater than the Watermark NAV this amount is now payable.

Details of outstanding management and performance fees at 31 May 2020 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

	2020			2019		
	Income Portfolio £'000	Growth Portfolio £'000	Total £'000	Income Portfolio £'000	Growth Portfolio £'000	Total £'000
Auditor's remuneration for:						
– statutory audit[1]	**13**	**17**	**30**	10	13	23
– other services (non-audit)[2]	**2**	**2**	**4**	1	2	3
Directors' fees	**54**	**66**	**120**	47	61	108
Secretarial fees	**46**	**56**	**102**	44	56	100
Marketing	**27**	**34**	**61**	28	35	63
Printing and postage	**26**	**35**	**61**	23	29	52
Registrars' fees	**19**	**15**	**34**	14	13	27
Custody and depositary fees	**11**	**12**	**23**	10	12	22
Other expenses including listing fees and legal fees	**43**	**59**	**102**	40	57	97
	241	**296**	**537**	217	278	495

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

[1] Auditor's remuneration for audit services, exclusive of VAT, amounts to £25,000 (2019: £19,500).

[2] Auditor's remuneration for non-audit services, exclusive of VAT, amounts to £3,500 in relation to the review of the annual share conversion calculation (2019: £2,500).

The Manager, BMO Investment Business Limited, receives a secretarial and administrative fee of £85,085 per annum (2019: £83,422), 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 £102,000 (2019: £100,000), of which £26,000 (2019: £25,000) 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 £29,000 per annum. Full details are provided in the Directors' Remuneration Report.

6. Finance Costs

Year ended 31 May 2020

	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

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

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 2020

	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	13	–	13	–	–	–	13	–	13

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

7. (b) Reconciliation of Tax Charge

The tax charge for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
(Loss)/return on ordinary activities before tax:	**(4,666)**	**1,131**	**(3,535)**	1,366	(395)	971
Corporation tax at standard rate of 19% (2019: 19%)	**(887)**	**215**	**(672)**	260	(75)	185
Effects of:						
Losses/(gains) on investments not taxable	**1,232**	**(208)**	**1,024**	90	79	169
Overseas tax suffered	**13**	**–**	**13**	21	3	24
Non taxable UK dividend income	**(268)**	**(194)**	**(462)**	(241)	(174)	(415)
Non taxable overseas dividend income	**(210)**	**(7)**	**(217)**	(217)	(16)	(233)
Expenses not utilised	**133**	**194**	**327**	108	186	294
Current year tax charge (note 7(a))	**13**	**–**	**13**	21	3	24

As at 31 May 2020, the Company had unutilised expenses of £11,372,000 (2019: £9,690,000). The deferred tax asset of £2,161,000 (2019: £1,841,100) in respect of unutilised expenses at 31 May 2020 has not been recognised as it is unlikely that the Company will generate future taxable profits from which the carried forward tax losses could be deducted.

8. Dividends

Dividends on Income shares	Register date	Payment date	2020 Income shares Total £'000	2019 Income shares Total £'000
Amounts recognised as distributions to shareholders during the year:				
For the year ended 31 May 2019				
– fourth interim dividend of 1.9p per Income share (2018: 1.8p)	21 June 2019	12 July 2019	831	775
– special dividend of n/a per Income share (2018: 0.8p)	–	–	–	344
For the year ended 31 May 2020				
– first interim dividend of 1.4p per Income share (2019: 1.35p)	20 September 2019	11 October 2019	617	581
– second interim dividend of 1.4p per Income share (2019: 1.35p)	20 December 2019	10 January 2020	628	580
– third interim dividend of 1.4p per Income share (2019: 1.35p)	20 March 2020	14 April 2020	637	584
			2,713	2,864
Amounts relating to the year but not paid at the year end:				
– fourth interim dividend of 1.9p per Income share[(1)] (2019: 1.9p)	19 June 2020	10 July 2020	883	831

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 2020, which form the basis of the retention test under Chapter 4, Part 24 of the Corporation Taxes Act 2010 are as follows:

	2020 £'000	2019 £'000
Revenue available for distribution by way of dividends for the year	3,000	2,840
First interim dividend of 1.4p per Income share in respect of the year ended 31 May 2020 (2019: 1.35p)	(617)	(581)
Second interim dividend of 1.4p per Income share in respect of the year ended 31 May 2020 (2019: 1.35p)	(628)	(580)
Third interim dividend of 1.4p per Income share in respect of the year ended 31 May 2020 (2019: 1.35p)	(637)	(584)
Fourth interim dividend of 1.9p per Income share[(1)] in respect of the year ended 31 May 2020 (2019: 1.9p)	(883)	(831)
Revenue reserve transfer	235	264

(1) Based on 46,485,537 Income shares in issue at the record date of 19 June 2020.

9. Return per Share

The return per share is as follows:

Year ended 31 May 2020

	Income shares			Growth shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return attributable to Portfolios	2,320	(6,999)	(4,679)	680	451	1,131
Transfer of net income from Growth Portfolio to Income Portfolio	680	–	680	(680)	–	(680)
Transfer of capital from Income Portfolio to Growth Portfolio	–	(680)	(680)	–	680	680
Return attributable to shareholders	3,000	(7,679)	(4,679)	–	1,131	1,131
Return per share	6.69p	(17.13p)	(10.44p)	–	3.18p	3.18p
Weighted average number of shares in issue during the year (excluding shares held in treasury)		44,837,359			35,573,520	

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	

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 2020, all of the Company's investments were classified as Level 1. In the prior year to 31 May 2019, all of the Company's investments were also classified as Level 1.

10. Investments (Continued)

Year ended 31 May 2020

	Level 1			
Income shares	**Listed in the UK £'000**	**Listed overseas £'000**	**Quoted on AIM/SFS £'000**	**Total £'000**
Opening book cost	42,086	2,173	4,159	48,418
Opening fair value adjustment	10,897	1,220	786	12,903
Opening valuation	52,983	3,393	4,945	61,321
Movements in the year:				
Transfer from Quoted on AIM/SFS to Listed in the UK				
– cost	1,408	–	(1,408)	–
– fair value adjustment	34	–	(34)	–
Purchases at cost	4,061	–	2,594	6,655
Sales – proceeds	(3,617)	–	–	(3,617)
– gains on sales based on historical cost	147	–	–	147
(Decrease)/increase in fair value adjustment	(6,232)	803	(1,190)	(6,619)
Closing valuation at 31 May 2020	48,784	4,196	4,907	57,887
Closing book cost	44,085	2,173	5,345	51,603
Closing fair value adjustment	4,699	2,023	(438)	6,284
Closing valuation at 31 May 2020	48,784	4,196	4,907	57,887

During the year the Income Portfolio incurred transaction costs on purchases of £22,000 (2019: £22,000) and transaction costs on sales of £2,000 (2019: £3,000).

10. Investments (Continued)

Year ended 31 May 2020

Growth shares	Level 1 Listed in the UK £'000	Level 1 Listed overseas £'000	Total £'000
Opening cost	44,584	–	44,584
Opening fair value adjustment	24,359	–	24,359
Opening valuation	68,943	–	68,943
Movements in the year:			
Purchases at cost	3,428	–	3,428
Sales – proceeds	(1,111)	–	(1,111)
– losses on sales based on historical cost	(43)	–	(43)
Increase in fair value adjustment	1,139	–	1,139
Closing valuation at 31 May 2020	72,356	–	72,356
Closing book cost	46,858	–	46,858
Closing fair value adjustment	25,498	–	25,498
Closing valuation at 31 May 2020	72,356	–	72,356

During the year the Growth Portfolio incurred transaction costs on purchases of £17,000 (2019: £24,000) and transaction costs on sales of £1,000 (2019: £4,000).

	2020 Income shares £'000	2020 Growth shares £'000	2020 Total £'000	2019 Income shares £'000	2019 Growth shares £'000	2019 Total £'000
Equity shares	**57,887**	**72,356**	**130,243**	61,321	68,943	130,264
	57,887	**72,556**	**130,243**	61,321	68,943	130,264

	2020 Income shares £'000	2020 Growth shares £'000	2020 Total £'000	2019 Income shares £'000	2019 Growth shares £'000	2019 Total £'000
Gains/(losses) on sales in the year	**147**	**(43)**	**104**	173	3,599	3,772
Movement in fair value of investments held	**(6,619)**	**1,139**	**(5,480)**	(638)	(4,014)	(4,652)
(Losses)/gains on investments	**(6,472)**	**1,096**	**(5,376)**	(465)	(415)	(880)

11. Debtors

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
Accrued income	**135**	**64**	**199**	195	38	233
Other debtors and prepayments	**84**	**15**	**99**	97	9	106
	219	**79**	**298**	292	47	339

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 (2019: £nil).

12. Creditors:

Amounts falling due within one year

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
Management fee accrued	**95**	**120**	**215**	102	116	218
Performance fee provision	**–**	**520**	**520**	73	–	73
Secretarial fee accrued	**12**	**14**	**26**	11	14	25
Other accruals	**66**	**79**	**145**	55	61	116
	173	**733**	**906**	241	191	432

Amounts falling due in more than one year

	2020			2019		
	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	**206**	**–**	**206**	–	257	257
	5,206	**–**	**5,206**	5,000	257	5,257

Effective from 10 February 2017, the Company entered into a £5 million five year fixed term loan with The Royal Bank of Scotland plc ("**RBS**"). During the prior financial 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 2020 (2019: £5 million). The interest rate on the amount drawn down is fixed at 2.03% per annum.

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						
Balance at 1 June 2019 of 10p	43,720,705	4,372	–	–	43,720,705	4,372
Share conversion:						
– Income to Growth	(240,482)	(24)	–	–	(240,482)	(24)
– Growth to Income	305,314	29	–	–	305,314	29
– Change to nominal value[(1)]	–	(222)	–	–	–	(222)
Issued	2,700,000	260	–	–	2,700,000	260
Balance at 31 May 2020[(1)]	46,485,537	4,415	–	–	46,485,537	4,415

	Deferred shares – Income	
	Number	£'000
Deferred shares – Income		
Balance at 1 June 2019	–	–
Issue of 44,280,223 shares[(2)]	44,280,223	222
Repurchase of 44,280,223 shares[(2)]	(44,280,223)	(222)
Balance at 31 May 2020	–	–

(1) As part of the conversion process, which was carried out during the year in accordance with the Company's Articles, the nominal value of each Income share charged from £0.1 to £0.094976101 per Income share.

(2) The nominal value of a Deferred share is £0.005023899.

During the year the Company issued 2,700,000 (2019: 850,000) Income shares from the block listing facility for net proceeds of £3,466,000 (2019: £1,129,000). At 31 May 2020, the Company held no Income shares in treasury (2019: nil).

During the year, valid conversion notices were received to convert 240,482 Income shares. These were converted into 154,747 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 thay have no economic value) and as authorised by shareholders at the September 2019 AGM.

Since the year end, the Company has issued a further 400,000 Income shares from the block listing facility for net proceeds of £488,000.

13. Share Capital (Continued)

	Listed		Held in treasury		In issue	
	Number	£'000	Number	£'000	Number	£'000
Growth shares						
Balance at 1 June 2019 of 10p	35,634,929	3,563	–	–	35,634,929	3,563
Share conversion:						
– Growth to Income	(196,466)	(20)	–	–	(196,466)	(20)
– Income to Growth	154,747	15	–	–	154,747	15
– Change to nominal value[(1)]	–	(178)	–	1	–	(177)
Purchased for treasury	–	–	(200,000)	(20)	200,000	(20)
Resold from treasury	–	–	200,000	19	(200,000)	19
Issued	295,000	28	–	–	295,000	28
Balance at 31 May 2020[(1)]	35,888,210	3,408	–	–	35,888,210	3,408

	Deferred shares – Growth	
	Number	£'000
Deferred shares – Growth		
Balance at 1 June 2019	–	–
Issue of 35,438,643 shares[(2)]	35,438,463	178
Repurchase of 35,438,643 shares[(2)]	(35,438,463)	(178)
Balance at 31 May 2020	–	–

(1) As part of the conversion process, which was carried out during the year in accordance with the Company's Articles, the nominal value of each Growth share charged from £0.1 to £0.094976101 per Growth share.

(2) The nominal value of a Deferred share is £0.005023899.

During the year, the Company issued 295,000 (2019: 350,000) Growth shares from the block listing facility for net proceeds of £594,000 (2019: £746,000). During the year, the Company bought back 200,000 (2019: 75,000) Growth shares for treasury at a cost of £422,000 (2019: £149,000) and resold out of treasury 200,000 (2019: 75,000) Growth shares, receiving net proceeds of £443,000 (2019: £157,000). At 31 May 2020, the Company held no Growth shares in treasury (2019: nil).

During the year, valid conversion notices were received to convert 196,466 Growth shares. These were converted into 305,314 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 September 2019 AGM.

Since the year end, the Company has issued a further 150,000 Growth shares from the block listing facility for net proceeds of £315,000.

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 90 of this report.

14. Reserves

Income shares	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
At 1 June 2019	23,703	30	19,066	(4,984)	12,903	2,538
Gains/(losses) on investments	–	–	–	147	(6,619)	–
Issuance of Income shares	3,206	–	–	–	–	–
Share conversion	–	–	81	–	–	–
Buyback of deferred shares for cancellation	–	222	–	–	–	–
Management fees charged to capital	–	–	–	(242)	–	–
Performance fees charged to capital	–	–	–	(206)	–	–
Interest charged to capital	–	–	–	(66)	–	–
Foreign exchange losses	–	–	–	(13)	–	–
Transfer of net income from Growth Portfolio to Income Portfolio	–	–	–	–	–	680
Transfer of capital from Income Portfolio to Growth Portfolio	–	–	–	(680)	–	–
Net revenue for the year	–	–	–	–	–	2,320
Dividends paid	–	–	–	–	–	(2,713)
At 31 May 2020	26,909	252	19,147	(6,044)	6,284	2,825

Growth shares	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
At 1 June 2019	21,417	186	17,117	6,471	24,359	–
(Losses)/gains on investments	–	–	–	(43)	1,139	–
Growth shares resold from treasury	23	–	420	–	–	–
Issuance of Growth shares	566	–	–	–	–	–
Share conversion	–	–	(81)	–	–	–
Buyback of deferred shares for cancellation	–	178	–	–	–	–
Buybacks for treasury	–	–	(422)	–	–	–
Management fees charged to capital	–	–	–	(382)	–	–
Performance fees charged to capital	–	–	–	(263)	–	–
Transfer of net income from Growth Portfolio to Income Portfolio	–	–	–	–	–	(680)
Transfer of capital from Income Portfolio to Growth Portfolio	–	–	–	680	–	–
Net revenue for the year	–	–	–	–	–	680
At 31 May 2020	22,006	364	17,034	6,463	25,498	–

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 62 and 63.

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 2020

	Net asset value per share		Net asset value attributable	
	Income shares pence	Growth shares pence	Income shares £'000	Growth shares £'000
Basic	**115.71p**	**208.35p**	**53,788**	**74,773**

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

The net asset value per Income share is calculated on net assets of £53,788,000 (2019: £57,628,000), divided by 46,485,537 (2019: 43,720,705) 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 £74,773,000 (2019: £73,113,000), divided by 35,888,210 (2019: 35,634,929) 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

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
Return on ordinary activities before tax	**(4,666)**	**1,131**	**(3,535)**	1,366	(395)	971
Adjust for returns from non-operating activities:						
Losses/(gains) on investments	**6,472**	**(1,096)**	**5,376**	465	415	880
Foreign exchange losses	**13**	**–**	**13**	8	–	8
Return from operating activities	**1,819**	**35**	**1,854**	1,839	20	1,859
(Increase)/decrease in prepayments	**(3)**	**(6)**	**(9)**	9	13	22
Increase in creditors	**138**	**285**	**423**	71	6	77
Withholding tax suffered	**(5)**	**–**	**(5)**	(17)	(3)	(20)
Dividend income	**(2,769)**	**(1,054)**	**(3,823)**	(2,626)	(1,000)	(3,626)
Interest income	**(10)**	**(18)**	**(28)**	(9)	(20)	(29)
Interest expense	**110**	**–**	**110**	109	–	109
Net cash outflows from operations before dividends and interest	**(720)**	**(758)**	**(1,478)**	(624)	(984)	(1,608)

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 2020 and 31 May 2019 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:

	2020			2019		
	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)	57,887	72,356	130,243	61,321	68,943	130,264
Cash at bank and on deposit	1,061	3,071	4,132	1,256	4,571	5,827
Accrued income	135	64	199	195	38	233
Financial liabilities						
Other creditors and accruals	379	733	1,112	241	448	689
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 18 to 21.

If the investment portfolio valuation fell by 10% at 31 May 2020, the impact on the profit or loss and the net asset value would have been negative £5.8 million (Income shares) (2019: negative £6.1 million (Income shares)) and negative £7.2 million (Growth shares) (2019: negative £6.9 million (Growth shares)). If the investment portfolio valuation rose by 10% at 31 May 2020, the effect would have been equal and opposite (2019: equal and opposite). The calculations are based on the portfolio valuations 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:

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
Exposure to floating rates:						
Cash	1,061	3,071	4,132	1,256	4,571	5,827
Net exposure	1,061	3,071	4,132	1,256	4,571	5,827
Maximum net exposure during the year	3,087	5,087		2,546	5,139	
Minimum net exposure during the year	1,061	1,454		529	946	

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 £5,000 (2019: increase of £6,000) and on the Growth shares an increase of £15,000 (2019: increase of £23,000). 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 0.1% at 31 May 2020 (2019: 0.75%). 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 £57,887,000 (2019: £61,321,000) for the Income Portfolio and £72,356,000 (2019: £68,943,000) 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:

	2020			2019		
	Income shares investments £'000	Growth shares investments £'000	Total £'000	Income shares investments £'000	Growth shares investments £'000	Total £'000
Swiss Franc	4,196	–	4,196	3,393	–	3,393
Euro	1,508	–	1,508	1,698	–	1,698
US Dollar	1,235	–	1,235	–	–	–
	6,939	–	6,939	5,091	–	5,091

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 £420,000 (Income shares) (2019: £339,000 (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 £151,000 (Income shares) (2019: £170,000). If the value of sterling had strengthened against the Euro by 10% the effect would have been equal and opposite.

If the value of sterling had weakened against the US Dollar by 10%, the impact on the profit or loss and the net asset value would have been an increase of £123,000 (Income shares) (2019: nil). If the value of sterling had strengthened against the US Dollar 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:

	2020			2019		
	Income shares £'000	Growth shares £'000	Total £'000	Income shares £'000	Growth shares £'000	Total £'000
Cash at bank and on deposit	1,061	3,071	4,132	1,256	4,571	5,827
Accrued income	135	64	199	195	38	233
	1,196	3,135	4,331	1,451	4,609	6,060

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.

21. Credit Risk (Continued)

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. As at 31 May 2020, £5 million of the fixed term loan was drawn down (2019: £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:

2020	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	173	–	206	379
	173	–	5,206	5,379
Growth shares				
Liabilities				
Other creditors	733	–	–	733
	733	–	–	733
Total	906	–	5,206	6,112

22. Liquidity Risk (Continued)

2019	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	241	–	–	241
	241	–	5,000	5,241
Growth shares				
Liabilities				
Other creditors	191	–	257	448
	191	–	257	448
Total	432	–	5,257	5,689

23. Related Parties and Transactions with the Manager

The Board of Directors 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 47 to 49 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 48. There are no outstanding balances with the Board at the year end.

Ms S P Inglis is also a non-executive director and chairman of The Bankers Investment Trust. The Income Portfolio has a holding of 173,047 shares in this company valued at £1,653,000 at 31 May 2020. Mr D Warnock is also a non-executive director and chairman of Troy Income & Growth Trust. The Income Portfolio has a holding of 2,100,000 shares in this Company valued at £1,516,000.

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.

24. Post-balance Sheet Events

Since 31 May 2020, there are no post balance sheet events which would require adjustment of or disclosure in the financial statements.

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 2020 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	101%	105%

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.

Notice of Annual General Meeting

Notice is hereby given that the twelfth Annual General Meeting of BMO Managed Portfolio Trust PLC will be held at Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG on Thursday 24 September 2020 at 9.30am 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 15 as Special Resolutions:

Ordinary Resolutions

1. That the Annual Report and Financial Statements for the year to 31 May 2020 be received.
2. That the Directors' Remuneration Policy be approved.
3. That the Annual Report on Directors' Remuneration for the year to 31 May 2020 be approved.
4. That David Harris, who retires annually, be re-elected as a Director.
5. That Susan P Inglis, who retires annually, be re-elected as a Director.
6. That Colin S McGill, who retires annually, be re-elected as a Director.
7. That David Warnock, who retires annually, be re-elected as a Director.
8. That KPMG LLP be re-appointed as auditor of the Company 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 for the year to 31 May 2020 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 ('Rights") 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 £890,590.90 in respect of Income shares and £684,492.76 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 shares in the Company to be allotted or Rights to be 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. Power to allot shares and sell treasury 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) for cash pursuant to the authority given by Resolution 10 and/or to sell Income shares and/or Growth shares held by the Company as treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, 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 or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares 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 or sale of treasury shares up to an aggregate nominal value of £445,295.45 in respect of Income shares and £342,246.38 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 5 August 2020) at a price of not less than the net asset value per share of the existing Income shares (in the case of an allotment or sale of Income shares) or Growth shares (in the case of an allotment or sale of Growth shares).

    This power applies in relation to the sale of Income shares and/or Growth shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of Resolution 10" and "pursuant to the authority given by Resolution 10" were omitted.

12. Additional power to allot shares and sell treasury shares without rights of pre-emption

That, subject to the passing of Resolution 10, and in addition to any power granted under Resolution 11 above, 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) for cash pursuant to the authority given by Resolution 10 and/or sell Income shares and/or Growth shares held by the Company as treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, 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 or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares 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 or sale of treasury shares up to an aggregate nominal value of £445,295.45 in respect of Income shares and £342,246.38 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 5 August 2020) at a price of not less than the net asset value per share of the existing Income shares (in the case of an allotment or sale of Income shares) or Growth shares (in the case of an allotment or sale of Growth shares).

This power applies in relation to the sale of Income shares and/or Growth shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of Resolution 10" and "pursuant to the authority given by Resolution 10" were omitted.

13. 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 in the share capital of the Company and Growth shares 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 £0.094976101;

(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 24 December 2021 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.

14. Purchase Contract

That the proposed Purchase Contract (as defined in the Annual Report and Financial Statements published by the Company on 5 August 2020) 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, at the conclusion of the next Annual General Meeting of the Company.

15. Articles

That the Articles of Association contained in the document produced to the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of the existing Articles of Association, with effect from the conclusion of the 2020 Annual General Meeting.

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

5 August 2020

[1] Following Resolution 13 becoming effective the maximum aggregate number of shares hereby authorised to be purchased shall be 7,028,000 Income shares and 5,402,000 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. Alternatively, shareholders can vote online by logging onto www.sharevote.co.uk. To use this service shareholders will need their Voting ID, Task ID and Shareholder Reference Number printed on the accompanying form of proxy. Full details of the procedure are given on the website. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can vote by logging on to their portfolio at www.shareview.co.uk using your usual user ID and password. Once logged in simply click "view" on the "My Investments" page, click on the link to vote, then follow the on screen instructions. Electronic proxy votes must be received by Equiniti, by no later than 48 hours before the time of the meeting.

7. 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.

8. 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 22 September 2020 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 22 September 2020 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.

9. As at 5 August 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 46,885,537 Income shares carrying one vote each and 36,038,210 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 5 August 2020 were 82,923,747 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.

10. 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.

11. 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.

12. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from bmomanagedportfolio.com.

13. 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.

14. 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 Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG.

15. 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.

16. 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.

17. Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at Note 18 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.

18. 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 16); or (ii) a matter of business to be dealt with at the Meeting (see Note 17), 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.

19. A copy of the current articles of association of the Company and the proposed new articles of association of the Company will be available for inspection on the Company's website, bmomanagedportfolio.com from the date of the AGM Notice until the close of the AGM and will also be available for inspection from 15 minutes before and at the AGM.

20. Given the risks posed by the spread of COVID-19 and following the related guidance received from the Government, shareholders are not expected to the attend the AGM and the Company may, in accordance with its Articles of Association, impose entry restrictions on certain persons wishing to attend the AGM or may be required to adjourn the AGM. Other restrictions may be imposed as the chairman of the meeting may specify in order to ensure the safety of those attending the AGM.

    All shareholders are strongly encouraged to exercise your votes in respect of the AGM in advance. This should ensure that your votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from our shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance and the answers to these questions will be posted on our website after the AGM. Shareholders should submit any questions they may have to MPTCoSec@bmogam.com before 22 September 2020.

Appendix

New Articles

Summary of the principal amendments to the Company's Articles of Association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 15 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website bmomanagedportfolio.com, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) dispensing with the need for the Company to use newspaper adverts to trace members or in the event the Board wished to postpone a general meeting; (ii) clarifying the procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; and (iii) allowing the Company to pay dividends exclusively through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder. These changes together with certain other minor amendments being introduced reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

‘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 2020

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 benefit both 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 29 October 2020 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 91 and 92.

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 29 October 2020 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 29 October 2020 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 29 October 2020 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 29 October 2020 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 4 August 2020, being the latest practicable date before the approval of the Annual Report and Financial Statements were:

	Income shares (p)	Growth shares (p)
3 February 2020	143.0	225.0
2 March 2020	127.5	198.0
1 April 2020	100.0	170.0
1 May 2020	113.5	194.0
1 June 2020	118.0	213.0
1 July 2020	119.5	218.0
4 August 2020	120.5	222.0

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 29 October 2020, 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 **bmomanagedportfolio.com**, which will be available from 10 August 2020.

   This "Plan Conversion Instruction" form must be received by **5pm on Friday 25 September 2020** in respect of the 29 October 2020 Conversion Date.

2. in certificated form, please download a "**CERTIFICATED CONVERSION NOTICE**" Form from the website at **bmomanagedportfolio.com**, which will be available from 10 August 2020.

   This "CERTIFICATED CONVERSION NOTICE" Form must be received by **5pm on Friday 2 October 2020** in respect of the 29 October 2020 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 **bmomanagedportfolio.com**, which will be available from 10 August 2020.

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 2020		% of Growth shares held at 31 May 2020	
BMO Retail Savings Plans	68.4%	BMO Retail Savings Plans	84.6%
Individuals and Private Client Wealth Managers	31.6%	Individuals and Private Client Wealth Managers	15.4%
	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 **data.fca.org.uk** 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 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

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

BMO Junior Investment Account (JIA)

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

*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: **Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, LLoyds Bank, Selftrade, The Share Centre**

BMO

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 (excluding performance fee)	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%
2020	-7.3%	-11.2%	115.71p	117.5p	+1.5%	6.69p	6.1p	1.10%	7.3%

* 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 (excluding performance fee)	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)%
2020	1.5%	-11.2%	208.35p	212.0p	+1.8%	1.03%	(4.1)%

Alternative Performance Measures ("APMs")

The Company uses the following "APMs"

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

		31 May 2020		31 May 2019	
		Income shares	Growth shares	Income shares	Growth shares
Net asset value per share	(a)	115.71p	208.35p	131.81p	205.17p
Share price	(b)	117.50p	212.00p	134.50p	206.00p
+Premium/-discount (c = (b-a)/(a))	(c)	+1.5%	+1.8%	+2.0%	+0.4%

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 2020				31 May 2019			
		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
Investment management fee		403	403	478	478	397	397	465	465
Other expenses		241	241	296	296	217	217	278	278
Performance fee		–	206	–	263	–	73	–	257
Less non-recurring cost		(6)	(6)	(9)	(9)	(2)	(2)	(8)	(8)
Total	(a)	638	844	765	1,028	612	685	735	992
Average daily net assets	(b)	57,908	57,908	73,922	73,922	56,481	56,481	72,738	72,738
Ongoing charges (c = a/b)	(c)	1.10%	1.46%	1.03%	1.39%	1.08%	1.21%	1.01%	1.36%

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

Ongoing charges above (ex performance fee)	1.10%	1.03%	1.08%	1.01%
Loan interest	0.2%	n/a	0.2%	n/a
Ongoing charges of underlying investee funds	1.44%	1.10%	1.48%	1.10%
Ongoing costs per KID methodology	2.74%	2.13%	2.76%	2.11%

In addition, other costs, such as portfolio transaction costs and performance fees are disclosed separately on the KID.

Total return – the return to shareholders calculated on a per share basis taking into account both any dividends paid in the period and 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 2020		31 May 2019	
	Income shares	**Growth shares**	Income Shares	Growth Shares
NAV per share at start of financial year	**131.81p**	**205.17p**	135.29p	206.23p
NAV per share at end of financial year	**115.71p**	**208.35p**	131.81p	205.17p
Change in the year	**-12.2%**	**+1.5%**	-2.6%	-0.5%
Impact of dividend reinvestments[1]	**4.9%**	**n/a**	5.1%	n/a
NAV total return for the year	**-7.3%**	**+1.5%**	2.5%	-0.5%

[1] During the year to 31 May 2020 dividends totalling 6.1p went ex dividend with respect to the Income shares. During the year to 31 May 2019 the equivalent figure was 6.65p.

	31 May 2020		31 May 2019	
	Income shares	**Growth shares**	Income Shares	Growth Shares
Share price per share at start of financial year	**134.5p**	**206.0p**	138.0p	209.0p
Share price per share at end of financial year	**117.5p**	**212.0p**	134.5p	206.0p
Change in the year	**-12.6%**	**+2.9%**	-2.5%	-1.4%
Impact of dividend reinvestment[1]	**4.3%**	**n/a**	5.0%	n/a
Share price total return for the year	**-8.3%**	**+2.9%**	2.5%	-1.4%

[1] During the year to 31 May 2020 dividends totalling 6.1p went ex dividend with respect to the Income shares. During the year to 31 May 2019 the equivalent figure was 6.65p.

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

	31 May 2020		31 May 2019	
	Income shares	**Growth shares**	Income Shares	Growth Shares
Indexed total return at launch	**100.00**	**100.00**	100.00	100.00
Indexed total return at end of financial year	**206.9**	**212.6**	223.2	209.4
Period (years)	**12.125**	**12.125**	11.125	11.125
Compound annual growth rate	**6.2%**	**6.4%**	7.5%	6.9%

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

		31 May 2020	31 May 2019
Annual dividend	(a)	**6.1p**	5.95p
Income share price	(b)	**117.5p**	134.5p
Yield (c = a/b)	(c)	**5.2%**	4.4%

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 values and share prices are measured.

Closed-end company – a company, including an investment trust, 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 assets that constitute financial instruments under the AIFMD 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 form of Ordinary share 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 form of Ordinary share 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 notes 4 and 5 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

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

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(1) Chairman of Management Engagement Committee and Nomination Committee
(2) Senior Independent Director
(3) Chairman of Audit Committee

BMO Managed Portfolio Trust PLC
Annual Report and Financial Statements 2020

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† Calls to this number are charged at £1 per minute from a BT landline.
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