



BMO UK High Income Trust PLC

Interim Report for the
six months ended
30 September 2018

**Formerly F&C UK High
Income Trust plc**

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Company Overview

BMO UK High Income Trust PLC (the “Company”) (formerly F&C UK High Income Trust plc) is an investment trust and its shares are listed on the London Stock Exchange.

Investment Objective

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

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

Capital Structure

The Company has two classes of shares: Ordinary shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same. Only Ordinary shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital repayment at the same time as, and in an amount equal to, each dividend paid on the Ordinary shares. Shares may be held and traded within units, each unit comprises three Ordinary shares and one B share.

Change of Name

With effect from 9 November 2018, the Board resolved to change the name of the Company to BMO UK High Income Trust PLC.

Visit our website at www.bmoukhighincome.com

The Company is registered in Scotland with company registration number SC314671
Legal Entity Identifier: 213800B7D5D7RVZZPV45

Financial Highlights for the six months

5.0%

Yield⁽¹⁾ on Ordinary Shares and B Shares

Expected distribution yield of 5.0 per cent on Ordinary shares and B shares at 30 September 2018, compared to the yield on the FTSE All-Share Index of 3.8 per cent

+3.3%

Distributions paid quarterly

Interim distributions in respect of the period increased by 3.3 per cent compared to the prior year

+6.4%

NAV total return⁽²⁾

Net asset value total return per share for the six months was 6.4 per cent, compared to the Benchmark⁽³⁾ total return of 7.9 per cent

⁽¹⁾ Yield – See Alternative Performance measures on page 22. Based on expected total annual distribution of 5.04p per share and the Ordinary share price and B share price at 30 September 2018.

⁽²⁾ Total return – See Alternative Performance measures on page 22.

⁽³⁾ Benchmark – From launch on 1 March 2007, the Company's benchmark index was the FTSE All-Share Capped 5% Index. Following shareholder approval at the Company's AGM on 5 July 2018, the benchmark was changed to the FTSE All-Share Index.

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

Performance Summary

Total Return ⁽¹⁾	Six months to 30 September 2018	Year to 31 March 2018
Net asset value total return per Ordinary share, B share and Unit	6.4%	-2.5%
Benchmark ⁽²⁾ total return	7.9%	0.9%

	30 September 2018	31 March 2018	% Change
Distribution yield⁽³⁾			
Ordinary shares	5.0%	5.1%	
B shares	5.0%	5.1%	
Capital			
Net assets	£127.2m	£122.3m	+4.0
Net asset value per Ordinary share and B share	107.91p	103.75p	+4.0
Net asset value per unit	431.64p	415.00p	+4.0
FTSE All-Share Index	4,127.91	3,894.17	+6.0
Ordinary share price	101.0p	96.5p	+4.7
B share price	101.0p	95.8p	+5.4
Unit price [*]	400.0p	397.0p	+0.8
Gearing[‡]			
Net Gearing [‡]	4.1%	4.4%	
Discount⁽⁴⁾			
Ordinary shares	(6.4)%	(7.0)%	
B shares	(6.4)%	(7.7)%	
Units [°]	(7.3)%	(4.3)%	

⁽¹⁾ Total return – see Alternative Performance Measures on page 22.

⁽²⁾ Benchmark – see definition on page 4.

⁽³⁾ Yield – see Alternative Performance Measures on page 22. Based on expected total annual distribution of 5.04p per share and the Ordinary Share price and B share price at 30 September 2018.

⁽⁴⁾ Discount – see Alternative Performance Measures on page 22.

^{*} A unit consists of three Ordinary shares and one B share.

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

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

Sources: BMO and Datastream

Chairman's Statement



I A McLaren Chairman

Investment background

In the last annual report, I wrote to you about the positive steps the Board and Manager had taken to position the Company for the next five-year performance cycle. This strategy has now been implemented and I am pleased to say that it has been well received by our shareholders. The Company is positioned with a differentiated 'high-income' strategy which the Board looks forward to delivering over the coming years.

While the Manager's concentrated and differentiated philosophy is a change in approach for the Company, the ethos has not changed, being to deliver a high and growing dividend. We are however pursuing our strategy with a change in portfolio profile and style, which we continue to communicate to existing and prospective shareholders. As already noted, this will take time to evolve and with that in mind the Manager's portfolio has been in place for less than a year.

Investment performance

The net asset value total return for the Ordinary shares and B shares was 6.4 per cent over the six

months to 30 September 2018 compared to the 7.9 per cent total return for the benchmark index.

Since the Company's launch in March 2007, the net asset value total return for the Ordinary shares and B shares has been 101.0 per cent, which exceeds the 100.7 per cent total return from the benchmark index.

As shareholders will be aware, global equity markets became more volatile towards the end of the period with escalating trade tensions between the US and China, slowing global economic growth, and closer to home, the daily news flow around Brexit being the catalysts. Following the period-end, there was a sharp sell-off in October, which was compounded by a 'Brexit deal' that Theresa May will take to a divided Parliament. The impact on 'UK PLC' from Brexit is very difficult to gauge and the Manager cannot, and will not, try to position the portfolio to mitigate what may or may not happen in the short term. The Manager is focused on the fundamental qualities of the businesses owned which will allow these businesses to generate sustainable returns over the longer term.

There has been, and remains, a disconnect between what are considered 'quality' companies that are relatively expensively valued by the market and companies that are more lowly rated and considered to represent 'value'. The Manager remains concerned that valuations for 'quality' are becoming ever more extreme. There are great opportunities in the portfolio and considerable value but it remains tough to make any call on where the bottom may be for some of these value companies.

UK consumer stocks are bearing the brunt of the recent sell-off although this is not only Brexit related. Sectors such as retail, property, banks and construction all have their own cyclical or structural issues which are not helped by negative sentiment. The portfolio has limited exposure to these sectors, not because of Brexit, but because of the Manager's view on the businesses.

It is clear that as Brexit approaches, investors are seeking the relative safe-haven provided by investing in mega-cap companies. Oil & gas has been buoyed by the work that businesses have done on their cost bases coupled with revenues and dividends in US dollars which for now are deemed to be relatively safe. Other sectors including pharmaceutical and consumer staples have also seen a rerating, which the Manager feels reflects their safe-haven status, rather than the fundamentals.

Earnings, dividends and capital distributions

Revenue has been lower over the first half of this financial year, which is a function of timing, change in style and fewer special dividends. The shape of the revenue generation has changed as it was felt the portfolio was top-heavy with too many high dividend yielders, but minimal growth. By exiting a number of those holdings, the yield premium to the benchmark index has been reduced from approximately 10 per cent to around about neutral. This has allowed the Manager to reposition the portfolio towards lower yielding companies with higher dividend growth resulting in a better balance between capital and dividends over the long term. These changes have not altered the ethos and our intention to pay a covered dividend for this year.

Movements in the sterling exchange rate, most notably against the US dollar, have an important influence on the Company's revenue, as approximately one-fifth of the Company's income comes from UK-listed companies that declare dividends in US dollars. While growth in underlying dividends has continued, income at the half year has also been assisted by the continued weakness of sterling against the US dollar. In addition, a special dividend contributed £101,000 to the revenue account during the period compared with £258,000 during the same period in the prior year.

The Company's dividend for the year ending 31 March 2019 is estimated, barring unforeseen circumstances, to be 5.04p per share, which represents an increase of 3.3 per cent compared to the prior year (2018: 4.88p per share).

The first three quarterly dividends will be paid in equal instalments of 1.25p per share and a fourth quarterly dividend of 1.29p per share is expected to be paid to Ordinary shareholders. B Shareholders will receive capital repayments of the same amount per share at the same time as dividends are received by Ordinary shareholders.

The expected annual distribution level represents a yield for Ordinary shareholders, B shareholders and unit holders of 5.0 per cent based on the respective share prices as at 30 September 2018. This yield compares favorably with the yield on the FTSE All-Share Index of 3.8 per cent at that date.

Dividends to Ordinary shareholders and capital repayments to B shareholders are paid quarterly in August, November, February and May each year.

After providing for the second quarter dividend, the Company had revenue reserves of £5.1m (approximately 5.87p per Ordinary share) at 30 September 2018.

Discount and buy backs

The Company's Ordinary share price and B share price stood at a discount to net asset value of 6.4 per cent at 30 September 2018. Over the six-month period, the price of the Company's Ordinary shares and B shares traded at an average discount to net asset value per share of 7.7 per cent and 7.1 per cent respectively.

During the six-month period, the Company did not buy back any Ordinary shares or B shares.

Name change

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

Outlook

As a Board, we have articulated a clear, simplified and differentiated strategy, which the Manager is now executing. There is significant uncertainty in the market outlook but the dividend is well underpinned by the combination of the revenue generated by the portfolio and the revenue reserve. This gives the Board comfort that a 'progressive dividend policy' can be sustained.

Iain McLaren

Chairman
5 December 2018

Forward-looking statements

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

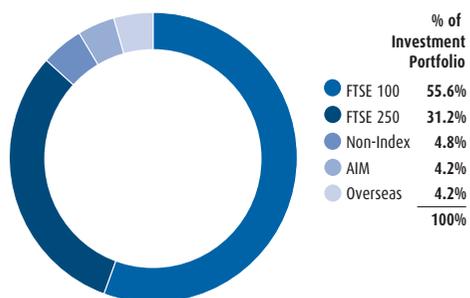
Classification of Investments

At 30 September 2018

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

Investment Portfolio by Sector		
Sector	2018 % Total investments	2018 FTSE All-Share Index
Financials	33.0	25.3
Consumer Goods	17.6	13.8
Consumer Services	13.4	12.1
Oil & Gas	8.8	14.5
Basic Materials	5.8	7.5
Healthcare	5.8	9.3
Technology	5.5	0.9
Utilities	5.4	2.5
Industrials	4.7	11.3
Telecommunications	-	2.8
Total	100.0	100.0

Investment Portfolio analysis by Index as at 30 September 2018



Source: BMO

Investment Portfolio

At 30 September 2018

Company	Sector	Market Value £'000	% of total investments
British American Tobacco	Tobacco	7,990	6.0
GlaxoSmithKline	Pharmaceuticals & Biotechnology	7,704	5.8
Royal Dutch Shell	Oil & Gas Producers	7,094	5.4
HSBC Holdings	Banks	7,067	5.3
RELX	Media	6,142	4.6
Prudential	Life Insurance	6,032	4.6
Rio Tinto	Mining	5,682	4.3
Close Brothers Group	Banks	4,942	3.7
BP	Oil & Gas Producers	4,577	3.5
National Grid	Gas, Water & Multiutilities	4,414	3.3
Ten largest investments		61,644	46.5
Compass Group	Travel & Leisure	4,363	3.3
Sophos Group	Software & Computer Services	3,935	3.0
Kerry Group	Food Producers	3,904	2.9
Neinor Homes	Real Estate Investment & Services	3,705	2.8
Phoenix Group Holdings	Life Insurance	3,704	2.8
Brewin Dolphin	Financial Services	3,637	2.7
Beazley	Non-Life Insurance	3,541	2.7
Melrose Industries	Industrial Engineering	3,430	2.6
Imperial Brands	Tobacco	3,420	2.6
Sage Group	Software & Computer Services	3,401	2.6
Twenty largest investments		98,684	74.5
Intermediate Capital Group	Financial Services	3,323	2.5
ASOS	General Retailers	2,881	2.2
Berkeley Group Holdings	Household Goods & Home Construction	2,841	2.2
BBA Aviation	Industrial Transportation	2,836	2.1
Just Eat	General Retailers	2,780	2.1
Pennon Group	Gas, Water & Multiutilities	2,735	2.1
Burford Capital	Financial Services	2,702	2.0
Cairn Homes	Household Goods & Home Construction	2,630	2.0
LondonMetric Property	Real Estate Investment Trusts	2,566	1.9
Bovis Homes Group	Household Goods & Home Construction	2,399	1.8
Thirty largest investments		126,377	95.4
Legal & General Group	Life Insurance	2,224	1.7
Lenzing	Chemicals	1,980	1.5
Wizz Air Holdings	Travel & Leisure	1,587	1.2
Investors Securities Company	Investment Dealing	250	0.2
Total investments		132,418	100.0

Condensed Unaudited Balance Sheet

As at		30 September	30 September	31 March
		2018	2017	2018*
		£'000	£'000	£'000
Notes				
	Non-current assets			
8	Investments held at fair value through profit or loss	132,418	133,751	127,664
		132,418	133,751	127,664
	Current assets			
	Receivables	3,231	649	1,179
	Cash and cash equivalents	1,177	4,556	1,563
		4,408	5,205	2,742
	Total assets	136,826	138,956	130,406
	Current liabilities			
	Payables	(2,097)	(323)	(581)
		(2,097)	(323)	(581)
	Non-current liabilities			
9	Bank loan	(7,500)	(7,500)	(7,500)
		(7,500)	(7,500)	(7,500)
	Total liabilities	(9,597)	(7,823)	(8,081)
	Net assets	127,229	131,133	122,325
	Capital and reserves			
10	Share capital	134	134	134
10	Share premium	153	153	153
10	Capital redemption reserve	5	5	5
10	Buy back reserve	82,190	82,190	82,190
	Special capital reserve	17,315	18,839	18,089
	Capital reserves	21,246	23,188	15,426
	Revenue reserve	6,186	6,624	6,328
	Equity shareholders' funds	127,229	131,133	122,325
11	Net asset value per Ordinary share	107.91p	111.22p	103.75p
11	Net asset value per B share	107.91p	111.22p	103.75p

Approved by the Board, and authorised for issue, on 5 December 2018 and signed on its behalf by:

Iain McLaren, Director

*these figures are audited.

Condensed Unaudited Statement of Changes in Equity

		Six months to	Six months to	Year to
		30 September	30 September	31 March
		2018	2017	2018*
		£'000	£'000	£'000
Notes				
	Opening equity shareholders' funds	122,325	131,649	131,649
	Net profit/(loss) for the period	7,852	2,871	(3,083)
10	Shares bought back for treasury	-	(521)	(521)
7	Dividends paid on Ordinary shares	(2,174)	(2,116)	(4,220)
7	Capital repayments paid on B shares	(774)	(750)	(1,500)
	Closing equity shareholders' funds	127,229	131,133	122,325

*these figures are audited.

Condensed Unaudited Cash Flow Statement

		Six months to	Six months to	Year to
		30 September	30 September	31 March
		2018	2017	2018*
		£'000	£'000	£'000
	Net cash flow from operating activities	2,652	5,767	5,771
	Net cash flow from financing activities	(3,048)	(14,181)	(17,177)
	Net decrease in cash and cash equivalents	(396)	(8,414)	(11,406)
	Currency gains/(losses)	10	(12)	(13)
	Net cash and cash equivalents at beginning of period	1,563	12,982	12,982
	Net cash and cash equivalents at end of period	1,177	4,556	1,563

*these figures are audited.

Notes to the Condensed Accounts (unaudited)

1. Accounting Policies

The condensed unaudited financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory accounts of the Company for the year ended 31 March 2018. The condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 March 2018, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

2. Income for the period is derived from:

	30 September 2018 £'000	30 September 2017 £'000	31 March 2018 £'000
Equity investments	2,386	3,296	5,522
Fixed interest investments	-	60	63
Deposit interest	3	8	11
Underwriting commission	5	-	5
	2,394	3,364	5,601

3. The Company's investment manager F&C Investment Business Limited changed its name to BMO Investment Business Limited effective 31 October 2018. With effect from 1 April 2018 BMO Investment Business Limited receives an investment management fee of 0.65 per cent per annum of the net asset value of the Company payable quarterly in arrears. Until 31 March 2018 the investment management fee was 0.75 per cent per annum of the net asset value of the Company payable quarterly in arrears.
4. The earnings per share are based on the net profit/(loss) for the period and on 117,904,847 shares (period to 30 September 2017 - 118,325,177; year to 31 March 2018 - 118,115,012), being the weighted average number of shares in issue during the period.
5. Earnings for the six months to 30 September 2018 should not be taken as a guide to the results of the full year.

6. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, of investing in equity securities, and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value measuring debt at fair value. The reconciliation between the measure of profit or loss used by the Board and that contained in the financial statements is as follows:

	30 September 2018 £'000	Pence per share	30 September 2017 £'000	Pence per share	31 March 2018 £'000	Pence per share
Shareholders' funds per financial statements	127,229	107.91	131,133	111.22	122,325	103.75
Closing fair value adjustment on fixed-rate term loan	-	-	-	-	-	-
Shareholders' funds with debt at fair value	127,229	107.91	131,133	111.22	122,325	103.75
Profit/(loss) for the period per financial statements	7,852	6.66	2,871	2.43	(3,083)	(2.61)
Movement in fair value on fixed-rate term loan	-	-	78	0.07	78	0.07
Profit/(loss) for the period with debt at fair value	7,852	6.66	2,949	2.50	(3,005)	(2.54)

Notes to the Condensed Accounts (unaudited) (continued)

7. Dividends and capital repayments

	Six months to 30 September 2018 £'000	Six months to 30 September 2017 £'000	Year to 31 March 2018 £'000
In respect of the previous period:			
Fourth interim dividend paid at 1.25p (2017: 1.21p) per Ordinary share	1,087	1,058	1,058
Fourth capital repayment paid at 1.25p (2017: 1.21p) per B share	387	375	375
In respect of the period under review:			
First interim dividend paid at 1.25p (2018: 1.21p) per Ordinary share	1,087	1,058	1,058
First capital repayment paid at 1.25p (2018: 1.21p) per B share	387	375	375
Second interim dividend paid at 1.21p per Ordinary share	-	-	1,052
Second capital repayment paid at 1.21p per B share	-	-	375
Third interim dividend paid at 1.21p per Ordinary share	-	-	1,052
Third capital repayment paid at 1.21p per B share	-	-	375
	2,948	2,866	5,720

A second interim dividend for the year to 31 March 2019, of 1.25p per Ordinary share, was paid on 2 November 2018 to Ordinary shareholders on the register on 5 October 2018. A second quarter capital repayment of 1.25p per B share was paid on 2 November 2018 to B shareholders on the register on 5 October 2018. Although these payments relate to the period ended 30 September 2018, under IFRS they will be accounted for in the six months to 31 March 2019, being the period during which they are paid.

8. Investments held at fair value through profit or loss

	Listed/ Quoted (Level 1) £'000	Subsidiary/ Unlisted (Level 3) £'000	Total £'000
Opening book cost	109,298	250	109,548
Opening fair value adjustment	18,116	-	18,116
Opening valuation	127,414	250	127,664
Movement in the period:			
Purchases at cost	15,726	-	15,726
Sales - proceeds	(17,149)	-	(17,149)
Sales - gains on sales	2,474	-	2,474
Increase in fair value adjustment	3,703	-	3,703
Closing valuation at 30 September 2018	132,168	250	132,418
Closing book cost at 30 September 2018	110,349	250	110,599
Closing fair value adjustment at 30 September 2018	21,819	-	21,819
Closing valuation at 30 September 2018	132,168	250	132,418

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

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

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2018.

9. The Company has a £7.5 million unsecured term loan from Scotiabank Europe plc with a five year term to 28 September 2022 and at a fixed interest rate of 2.58 per cent per annum. The Company also has a £7.5 million unsecured multicurrency revolving credit facility ("RCF") with Scotiabank (Ireland) Designated Activity Company, available until 28 September 2022. £nil of the RCF was drawn down at 30 September 2018 (30 September 2017 – £nil; 31 March 2018 – £nil).

The fair value of the £7.5 million term loan is not materially different from the value reflected in the Balance Sheet.

Notes to the Condensed Accounts (unaudited) (continued)

10. The Company did not buy back any Ordinary shares or B shares to hold in treasury during the period (period to 30 September 2017 – 500,000 Ordinary shares and nil B shares; year to 31 March 2018 – 500,000 Ordinary shares and nil B shares). The Company did not resell any Ordinary shares or B shares from treasury and did not issue any new shares during the period (period to 30 September 2017 – nil Ordinary or B Shares; year to 31 March 2018 – nil Ordinary or B shares).

At 30 September 2018 the Company held 15,139,000 Ordinary shares and 1,100,000 B shares in treasury (30 September 2017 – 15,139,000 Ordinary shares and 1,100,000 B shares; 31 March 2018 – 15,139,000 Ordinary shares and 1,100,000 B shares).

11. The net asset value per share is based on shareholders' funds at the period end and on 86,928,144 Ordinary shares and 30,976,703 B shares, being the number of shares in issue at the period end (30 September 2017 – 86,928,144 Ordinary shares and 30,976,703 B shares; 31 March 2018 – 86,928,144 Ordinary shares and 30,976,703 B shares).
12. The fair values of the Company's financial assets and liabilities are not materially different from their carrying values in the financial statements.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements for the year ended 31 March 2018.

13. Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council and have undertaken a rigorous review of the Company's ability to continue as a going concern.

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

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

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

14. The Company's auditor, Deloitte LLP, has not audited or reviewed the Interim Report to 30 September 2018 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 31 March 2018, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. The condensed financial statements shown for the year ended 31 March 2018 are an extract from those accounts. No full statutory accounts in respect of any period after 31 March 2018 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

Most of the Company's principal risks are market related and comparable to those of other investment trusts investing primarily in listed securities. These risks, and the way in which they are managed, are described under the heading 'Principal Risks and Viability Statement' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2018. The Company's principal risks and uncertainties

have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year. The most important types of risk associated with financial instruments are credit risk, market price risk, liquidity risk, interest rate risk and foreign currency risk. Other risks faced by the Company include investment and strategic, regulatory, operational and custody risks.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Chairman's Statement (constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure Guidance and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and

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

On behalf of the Board

Iain McLaren

Director

5 December 2018

Alternative Performance Measures

The Company uses the following Alternative Performance Measures (“APMs”):

Discount/Premium – the share price of an Investment Trust 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. The discount is shown as a percentage of the NAV per share. Shares trading at a price above NAV per share are deemed to be at a premium.

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

The share price and NAV for the Ordinary shares, B shares and Units are set out on page 5 and the dividends/capital repayments which went ex-dividend during the period (see note 7 on page 18) are set out below. The effect of reinvesting these dividends on the respective ex-dividend dates and the NAV total returns are shown below.

	Dividends/capital repayments		Effect of reinvestment		NAV total return	
	Six months to 30 September 2018	Year to 31 March 2018	Six months to 30 September 2018	Year to 31 March 2018	Six months to 30 September 2018	Year to 31 March 2018
Ordinary shares/B shares	2.50p	4.84p	2.48p	4.59p	6.4%	-2.5%
Units	10.00p	19.36p	9.92p	18.36p	6.4%	-2.5%

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

Shareholder Information

Dividends

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

Share Prices and Daily Net Asset Value

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

Change of Address

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

Financial Calendar 2018/19

2 November 2018	Second quarter’s distribution paid (XD Date 4 October 2018)
1 February 2019	Third quarter’s distribution paid (XD Date 3 January 2019)
3 May 2019	Fourth quarter’s distribution paid (XD Date 4 April 2019)
May 2019	Announcement of Annual Results and Posting of Annual Report
July 2019	Annual General Meeting

Warning to shareholders – Boiler Room Scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

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

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

How to Invest

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

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2018/19 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £4,260 for the tax year 2018/19 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,260 for the 2018/19 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
PIP: £40+VAT
JISA/CTF/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%
PIP/CTF/JISA: postal instructions £12, online instructions £8 per Trust.

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

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

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

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

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

How to Invest

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

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

New Customers

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

Existing Plan Holders

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

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

Corporate Information

Directors

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

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

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

Brokers

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Auditor

Deloitte LLP
110 Queen Street
Glasgow G1 3BX

Depository

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

Bankers and Custodian

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

Bankers

Scotiabank Europe
201 Bishopsgate
London EC2M 3NS

Solicitors

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

Company Number

SC314671

Website

www.bmoukhighincome.com

* Chairman of the Audit Committee

† F&C Investment Business Limited changed its name to BMO Investment Business Limited effective 31 October 2018

BMO UK High Income Trust PLC

Interim Report 2018

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-  www.bmoukhighincome.com

Registrars

-  Equiniti
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-  Registrars' Shareholder Helpline: 0371 384 2470*
Registrars' Broker Helpline: 0906 559 6025†
Registrars' Overseas Helpline: +44 121 415 7047**
-  www.shareview.co.uk

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

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

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

** Local overseas call rates will apply.

