CT UK Capital and Income Investment Trust PLC

Report and Accounts 2022

Formerly BMO Capital and Income Investment Trust PLC

COLUMBIA THREADNEEDLE INVESTMENTS

Forward-looking statements

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of CT UK Capital and Income Investment Trust PLC. 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 document. Nothing should be construed as a profit forecast.

Contents

Financial calendar

Fourth interim dividend for 2022	19 December 2022
Annual General Meeting	9 March 2023
First interim dividend for 2023	March 2023
Interim results for 2023 announced	May 2023
Second interim dividend for 2023	June 2023
Third interim dividend for 2023	September 2023
Final results for 2023 announced	November 2023
Fourth interim dividend for 2023	December 2023

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

Company Overview

Our objective is to secure long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies.

- Our well diversified portfolio has been managed by Julian Cane for over 25 years and has outperformed its Benchmark over that period.
- A recognised "AIC Dividend Hero", our dividend has increased every year since launch in 1992 and grown at more than twice the average rate of inflation since then.[+]
- Our Ongoing Charges figure of 0.59%* represents very good value for Shareholders.

CT UK Capital and Income Investment Trust is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth over the longer-term in capital and income, and who understand and are willing to accept the risks and rewards of exposure to equities.

Visit our website at **ctukcapitalandincome.com**

Registered in England and Wales with company registration number 02732011. Legal Entity Identifier: 21380052ETTRKV2A6Y19

[+]Since launch in 1992 the Consumer Prices Index has recorded an increase of 91.0%. This is in comparison to an increase in the Company's dividend for that period of 244.1%.

*See Alternative Performance Measures on pages 91 and 92 for explanation.

Financial Highlights
for the year ended 30 September 2022

11.80p

Ordinary dividends – 29th consecutive annual increase

The dividends for the year are a 1.7% increase on the prior year.

(10.5)%

Share price total return*

The share price total return for the year was -10.5%. The share price at 30 September 2022 was 280.0p.

(13.1)%

Net Asset Value per share total return*

The Net Asset Value per share total return for the year was -13.1%, underperforming the Benchmark FTSE All-Share Index which returned -4.0%.

0.8%

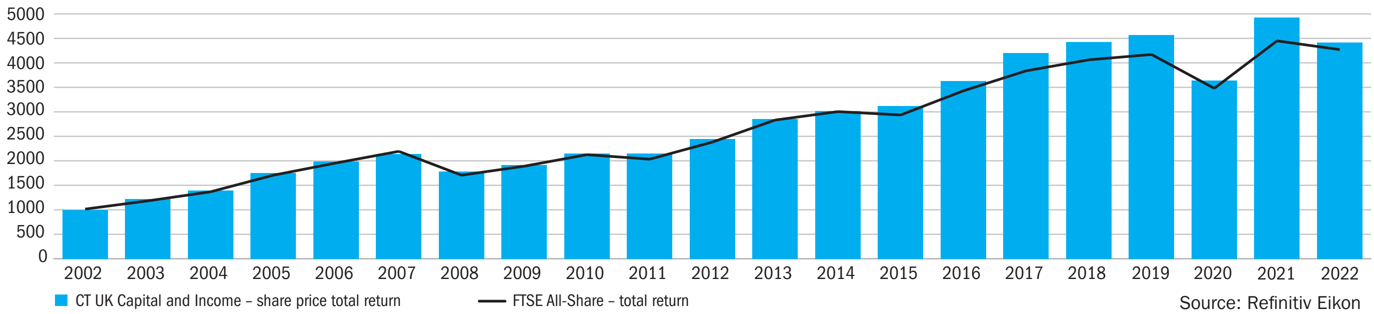
Shares ended the year at a premium*of 0.8%

The shares traded at an average discount to NAV of 1.8% over the year.

The longer-term rewards

In the last twenty years CT UK Capital and Income Investment Trust PLC has turned a £1,000 investment, with dividends reinvested (and net of expenses), into £4,411 compared with £4,230 from its Benchmark, the FTSE All-Share Index with notional dividends reinvested.

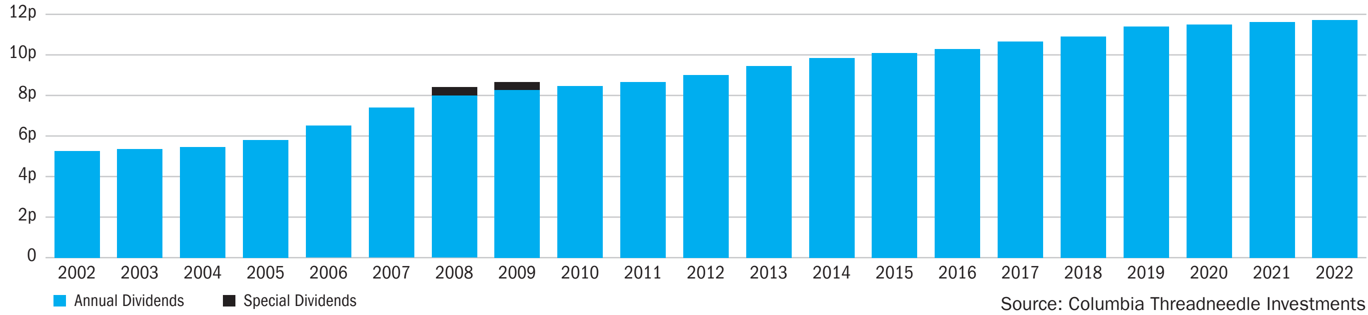
£1,000 Investment, with dividends reinvested at 30 September



Source: Refinitiv Eikon

The ordinary dividend has increased every year since launch and over the last twenty years is up 122.9% or 4.1% compound per year, compared with inflation of 65.5% or 2.6% compound per year.

Annual Dividend Progression for CT UK Capital and Income Investment Trust



Source: Columbia Threadneedle Investments

*See Alternative Performance Measures on pages 91 and 92 for explanation.

Chairman's Statement

"Notwithstanding continuing global and domestic economic and political pressures and uncertainties, the Board considers that your Company remains well placed to take advantage of opportunities to deliver attractive returns over the medium and longer-term."

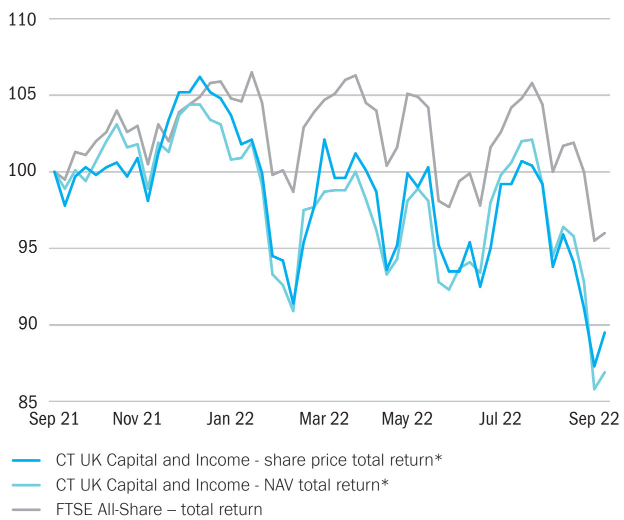
Jonathan Cartwright, Chairman

Dear Shareholder,

This year the UK has witnessed probably one of its greatest periods of political instability, having had, at the time of writing, three Prime Ministers and four Chancellors. This, inevitably, is feeding through into turmoil on the financial markets, contributing to both volatility and a weakness in the value of sterling denominated assets. The most recent events come after, and in some way were partly caused by, an already difficult macroeconomic and geopolitical background.

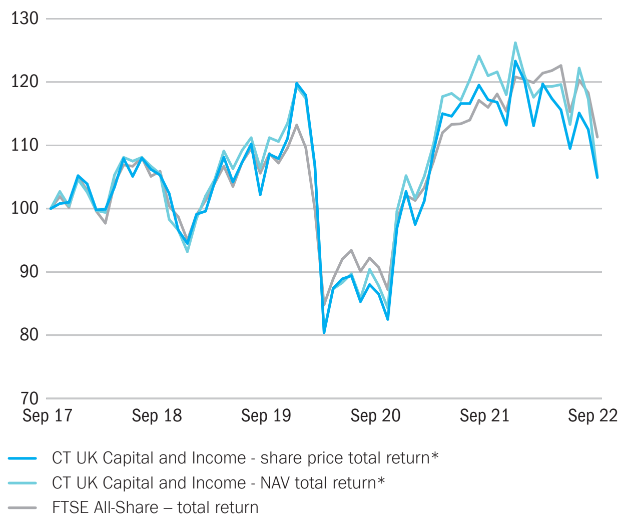
It has been a very difficult environment for all UK domestic investors and our Shareholders have not been immune, with inflation eating into all asset returns and both equities and bonds being under considerable pressure. During our financial year, from 30 September 2021 to 30 September 2022, the FTSE All-Share Index, ("our Benchmark"), recorded a negative total return of -4.0%. Whilst the economic situation has not been strong over the last year it was arguably politics that was the major driver of market movement, and your Company's disappointing performance, especially Russia's invasion of Ukraine and the initial acts of the now ex-, senior leadership of the UK's Government. This was in addition to a COVID-19 "hangover" as companies sought to adapt to continuing supply chain issues, changes in work practices and a tight employment market. As if that were not enough, post Brexit problems associated with the smooth transfer of goods and services remained unresolved.

Performance over one year (%)



Source: Refinitiv Eikon Rebased to 100 at 30 September 2021

Performance over five years (%)



Source: Refinitiv Eikon Rebased to 100 at 30 September 2017

*See Alternative Performance Measures on pages 91 and 92 for explanation.

The Fund Manager's Review comments in more detail about events of the last year and how they affected your Company directly, but in contrast to the previous year when performance was very strong in absolute terms and relative to the Index, the impact was negative. Over the year to September 2022, the Net Asset Value (NAV) per share total return (including all income) fell by 13.1% and the share price total return (including the dividends paid) fell by 10.5%.

In our last annual report, I commented that our performance was ahead of our Benchmark over the short, medium and long-term, but the scale of this year's reversal clearly rolls through to our medium and longer-term performance. Whilst this setback has put a dent in our track record, under Julian Cane, your investment manager since March 1997, we continue to show outperformance compared to our Benchmark, with the performance figures showing over ten years our NAV per share and share price total returns are 81.5% and 80.1% compared to 79.5% for the FTSE All-Share Index. Furthermore, over 25 years to September 2022, the Company's NAV per share and share price total returns totalled 284.7% and 387.7% respectively. These compare directly to the total return from the FTSE All-Share Index of 252.1%.

Revenue, Earnings and Dividends

There is some better news on our revenue and earnings for the year. These have continued to experience strong rates of growth with earnings per share having recovered to 12.0p, an increase of 13.9% over one year and 44.2% over two years. This exceptional rate of growth over two years is from the low point of portfolio dividend receipts during the COVID-19 pandemic when a number of companies ceased dividend payments altogether. All of our investments are now paying dividends again.

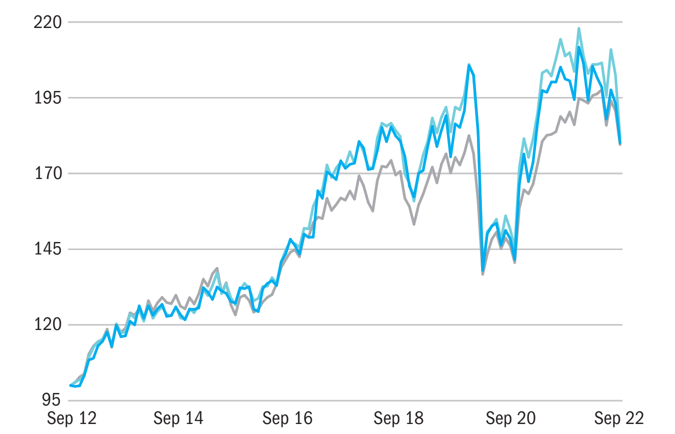
Notwithstanding the political chaos and the UK's lacklustre economic performance, companies in general have been increasing their dividends, at least partly in response to a gain in confidence post-pandemic. The Fund Manager's Review comments more about the rate of dividend growth from some of our key investments.

In the previous two financial years, your Board chose to pay dividends to Shareholders that were not fully covered by our annual earnings. This decision was reached as your Company had accrued reserves over a number of years and we know our Shareholders appreciate a steadily rising dividend. Importantly, a key feature of the structure of investment trusts is that it allows companies such as ours to accumulate a Revenue Reserve from undistributed income in good years and then to draw down from this Reserve when circumstances are more challenging. It is encouraging to report this year's dividend is fully covered by annual earnings.

With these results, we are announcing the intention to pay a fourth quarterly dividend of 3.85 pence per share. Together with the three dividends already paid for this financial year, this takes the total dividend for the year to 11.80 pence per share, an increase of 1.7% compared to last year.

We are proud to be an AIC Dividend Hero as we have increased our dividend every year since launch in 1992. It is very much our intention to continue to extend this record and the strength of our Revenue Reserve of £11.1m or 10.4p per share adds greatly to our confidence that this will be achievable.

Performance over ten years (%)



Source: Refinitiv Eikon   Rebased to 100 at 30 September 2012

Performance over twenty-five years (%)

Source: Refinitiv Eikon   Rebased to 100 at 30 September 1997

*See Alternative Performance Measures on pages 91 and 92 for explanation.

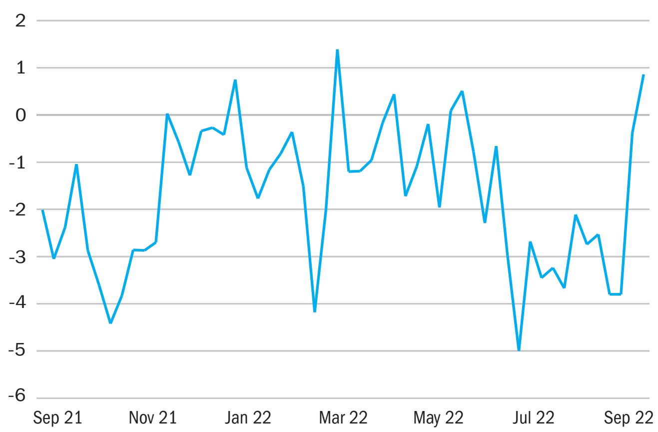
Share Rating

The Company's shares have traded on average at a discount to their underlying NAV per share of a little less than 2% over the last year. This is very similar to the average level at which the shares traded in the previous financial year.

The Board believes it is in Shareholders' interests that the shares of the Company should not trade at prices that are too detached from the underlying NAV per share. In order to facilitate this, the Company has the ability to buy back its own shares if the price stands at a discount compared to the underlying NAV per share and to issue its own shares if the price is at a premium of more than 1.5%. In total there were ten share buy backs and one share issue during the year. For further details please refer to notes 15 and 16 to the financial statements. It is important to note that the effect of these activities is also to increase marginally the underlying NAV per share for continuing Shareholders.

At the forthcoming Annual General Meeting, the Board will again be asking Shareholders to renew its authority to issue shares at a premium and buy back at a discount. This will assist the Company in keeping its share price closely linked to the NAV per share. The ability to buy back and issue shares also helps to provide liquidity to Shareholders and potential Shareholders, beyond what may be available through the market.

Share price premium/(discount) to NAV over one year (%)*



Source: Columbia Threadneedle Investments

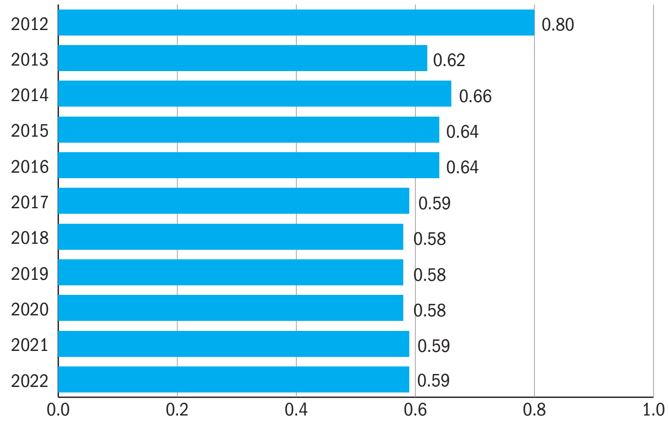
*See Alternative Performance Measures on pages 91 and 92 for explanation.

Costs

We aim to run your Company efficiently and believe we are amongst the most competitive within our peer group. I am pleased to report that the cost of running the Company for the year ended 30 September 2022 remained unchanged from the prior year at 0.59%. This further extends a period of stability in the costs of running the Company.

It is worth highlighting again that all our performance figures are quoted after these costs.

Cost of running the Company as a % of average net assets*



Source: Columbia Threadneedle Investments

*See Alternative Performance Measures on pages 91 and 92 for explanation.

Balance Sheet and Gearing

The amount we have borrowed during the course of the year has not varied much, ranging from £23.5m to £27.0m. As market movements and our Net Asset Value have declined during the year, the use of gearing has not been beneficial to our investment returns overall.

The main question when considering whether to borrow to finance investment in the portfolio, is whether the returns from any additional investments are likely to be greater than the interest cost of our borrowing. Even with interest rates having increased, the Board and the Manager believe that the return from the investment portfolio is likely to have a much greater impact on the net investment return than the cost of debt.

Our gearing (averaging 7.2% through the year) is at a relatively modest level and the amount borrowed can be increased up to £40m if a more positive view of markets is taken.

Responsible Investment

As longstanding Shareholders will know, consideration of Environmental, Social and Governance (ESG) issues have long been an important part of the investment process as your Manager has one of the largest and longest established teams dedicated to ESG. There is a detailed report on pages 26 to 29 which explains Columbia Threadneedle's ESG policies, how these are implemented in the management of the portfolio and its engagement with our investee companies.

Your Board engages with the Columbia Threadneedle ESG team to ensure that their policies are aligned with the fundamental objectives of your Company and carefully monitors the decisions taken by Columbia Threadneedle in its application of those ESG policies.

Directorate Change

As a part of the Board's succession plan, on 21 July 2022, it was announced that Sharon Brown will retire on 31 December 2022, having served on the Board for nine years. Sharon is Chair of the Company's Audit and Risk Committee and her retirement date coincides with the planned completion of the Company's financial reporting process for the year ended 30 September 2022. The Company has benefited immensely from Sharon's wide ranging financial and commercial experience. On behalf of the Board and Shareholders of the Company I thank Sharon for her diligence and wise counsel throughout her period of appointment.

As a further part of this plan a search company was commissioned to find a new Director for the Board. Following a thorough selection process, on 21 July 2022, Patrick Firth was appointed to the Board and its committees.

Patrick is a qualified Chartered Accountant and a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since 1992 and has been, and continues to be a director of a number of management companies, general partners and investment companies. He is currently Chair of the Audit and Risk Committees of Riverstone Energy Limited, NextEnergy Solar Fund Limited and India Capital Growth Fund Limited.

Following Sharon's retirement, Patrick will be appointed Chair of the Company's Audit and Risk Committee.

I was appointed to the Board in November 2019 and became Chair with effect from 1 April 2020. Due to a change in my own personal circumstances, I now intend to retire from the Board on 1 July 2023.

Although relatively short, my tenure has witnessed some major events. As mentioned earlier, the Company has experienced the COVID-19 pandemic, Russian military action in the Ukraine, rising inflation and increasing interest rates in many economies including the United Kingdom. Throughout the period, our investment strategy has remained unchanged, with an emphasis on identifying companies with clear business models and the potential for significant medium and longer-term prosperity. The dividend has also been increased annually.

I wish to express my sincere thanks to my fellow Directors, the Columbia Threadneedle investment management team and the Company's advisers for their support in navigating these challenges.

Upon my retirement, Jane Lewis, who was appointed to the Board in April 2015 will be appointed Chair. Jane has extensive sector experience through her career in investment company corporate broking at Winterflood and business development at leading investment trust houses. Jane holds a number of investment trust directorships including as Chair. I know that she will continue to serve the Company well.

The Board will also recruit a new Director, taking account of diversity as part of this process.

AGM

The Annual General Meeting (**"AGM"**) will be held at 11.30am on 9 March 2023 at the offices of Columbia Threadneedle Investments, Exchange House, Primrose Street, London EC2A 2NY. This will be followed by a presentation by Julian on the Company and its investment portfolio.

For Shareholders who are unable to attend, any questions they may have regarding the resolutions proposed at the AGM or the performance of the Company can be directed to a dedicated email account, ctukagm@columbiathreadneedle.com, by Thursday 2 March 2023. We will endeavour, in so far as reasonably practicable, to address all such questions at the meeting. In addition, the meeting will be recorded and will be available to view on the Company's website, www.ctukcapitalandincome.com shortly thereafter.

To ensure that your votes will count, I would encourage all Shareholders that cannot attend in person to complete and submit their Form of Proxy or Form of Direction in advance of the AGM.

Continuation Vote

In accordance with the Company's articles of association, every five years the Board seeks Shareholder approval for the continuation of the Company. As the last vote occurred in 2018, an ordinary resolution for the continuation of the Company will be proposed at the forthcoming AGM. The Board believes that it is in the best interests of Shareholders for the Company to continue and therefore encourages Shareholders to vote in favour of the Company's continuation.

During the year the Board surveyed investors who hold the Company's shares within the CT Savings Plans. The purpose of the survey was to gain a deeper understanding of investors' views and sentiment towards the Company in advance of the continuation vote. Common themes amongst responses included the importance of performance, dividend growth, low fees and the reputation of the Manager. The Board has noted that most respondents invest for the longer-term with retirement and income being key reasons for investment.

I would like to thank on behalf of the Board the many investors who took the time to complete the survey and provide comments and questions. The Board has considered these results and comments and is taking steps to address the issues raised.

Your stated priorities are fully aligned with your Board's and we shall continue to pursue them on behalf of Shareholders.

Ownership of the Manager

On 8 November 2021, BMO sold its asset management business in Europe, the Middle East and Africa, (**"BMO GAM EMEA"**) to Columbia Threadneedle Investments. Since November 2021, Columbia Threadneedle Investments has been working to integrate both organisations. The combined business has more than 2,500 staff, including over 650 investment professionals based in North America, Europe and Asia. At 30 September 2022 it managed £490 billion of client assets.

On 4 July 2022, the entire BMO GAM EMEA business was rebranded as Columbia Threadneedle Investments. As part of this process, the Company's Manager, BMO Investment Business Limited, was renamed Columbia Threadneedle Investment Business Limited.

As many of the Company's Shareholders invest through the CT Savings Plans the Board resolved that aligning with the brand of the Manager would ensure that the Company maximises the benefits of the broader Columbia Threadneedle Investments brand.

On 1 July 2022 the Company therefore announced that it had changed its name from BMO Capital and Income Investment Trust PLC to CT UK Capital and Income Investment Trust PLC. The Company's website address was also amended from 4 July 2022 to become ctukcapitalandincome.com and its trading instrument display mnemonic ("TIDM" or "ticker") changed to CTUK.

Throughout the change of ownership of the Manager, the Board has emphasised and received assurances from senior management at Columbia Threadneedle Investments regarding the stability and continuity of the teams which support the Company. The Board welcomes these assurances and will ensure that Shareholders are kept informed of developments.

Outlook

The immediate economic, domestic political and geopolitical backgrounds look at least as challenging as anything experienced in the last several decades. In this context, investment markets are necessarily forward looking, worried less by the past, but focusing on how the future will develop. Domestic political stability had largely been taken for granted in the UK and it will be necessary in future to avoid further losses in confidence in the UK as a country in which to carry out business.

Inflation, which is driving the cost-of-living crisis, has arisen from a variety of sources, with each of these perhaps starting to be addressed. Some inflation stemmed from the disruption to supply chains caused by the pandemic and this has been easing. Central Banks have been increasing interest rates and the Bank of England has started to implement some Quantitative Tightening as loose monetary policy is unwound. This will help to reduce some inflationary pressure. Additionally, some indices of energy prices are now lower than in the first half of this year; if this trend continues it will be positive for consumers' disposable income and also reduce inflation.

Valuation is a further indicator of expectations for future investment returns. The UK equity market has not been popular with international investors for a while, leading to the UK market standing at an undemanding valuation, both in absolute terms and when compared with many international markets. On the plus side the relatively low valuation and attractive dividend yield should give some good protection from current and future uncertainties.

Notwithstanding continuing global and domestic economic and political pressures and uncertainties, the Board considers that your Company remains well placed to take advantage of opportunities to deliver attractive returns over the medium and longer-term. I would like to take this opportunity to thank Shareholders for your continuing support.

Jonathan Cartwright
Chairman
30 November 2022

Fund Manager's Review

"The immediate outlook is arguably already reflected in the valuation of the UK stock market and we believe the stocks within our portfolio offer an attractive combination of good quality and low valuation that justifies optimism about future returns."

Julian Cane, Fund Manager

At face value the negative total return of the FTSE All-Share Index, our Benchmark and the most widely used index for UK equities, of -4.0% for the year to 30 September 2022 does not seem too poor an outcome, particularly given some of the macroeconomic and geopolitical events of the year. The return of inflation and the forced change in monetary policy was a key dynamic. The Consumer Price Index (CPI) in the UK for the year to September 2022 rose at a rate of 10.1%, a level of UK inflation not seen since 1982. Economists may argue over the causes of this inflation, but there are a number of contributors. First, the COVID-19 pandemic, and governments' reactions to it, brought about considerable disruption to supply chains, making it more difficult and expensive to source products. Secondly, most governments and Central Banks had put in place support packages and very loose monetary conditions to help ward off the effects of the pandemic and the collapse of economic activity. In many ways, this was a continuation and extension of support that had been used in previous crises, giving the West well over a decade of very lax monetary policy. There had been a marked reluctance on behalf of politicians and central bankers to tighten monetary conditions while inflation was apparently still under control. Thirdly, Russia's invasion of Ukraine and the resulting sanctions have driven up energy prices while many food prices have risen in response to the Russian blockade of Ukrainian ports.

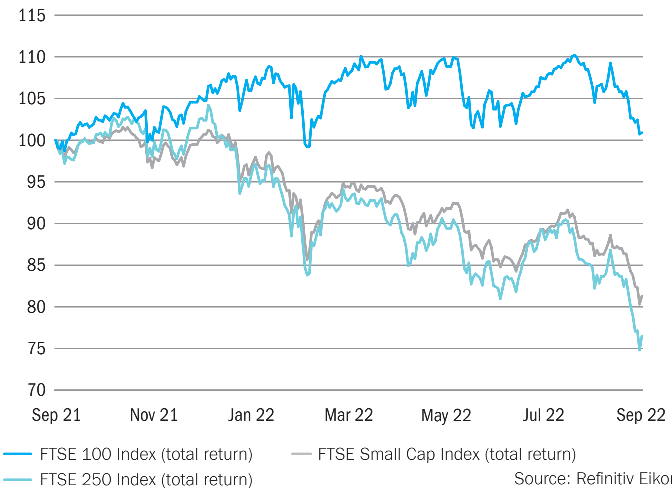
Central Bankers world-wide have increased short-term interest rates in response to the rise in inflation and bond investors have responded by driving yields dramatically higher. In the UK, over the last year the ten-year Government bond yield has moved from 1.0% to over 4.0%, having been at 0.2% two years ago. These increases, as well as starting to dampen economic activity and therefore having a generally negative effect on equity markets, also have a mathematical impact on valuation differentials between various types of companies. In particular, companies forecast to have stronger growth and greater longevity experience a bigger reduction in value with a rise in bond yields. This was adverse for our portfolio as we believe the characteristics of growth and longevity are positive features for long-term investing.

Yields from Benchmark 10 Year UK Government Bond (%)

Source: Refinitiv Eikon

These effects combined during the course of the year and are evident in subsequent performance of stocks and indices within the UK stock market. Underneath the headline fall of 4.0% in the FTSE All-Share Index, its constituent parts experienced considerably different performance. The FTSE All-Share Index is made up of the FTSE 100 (the largest 100 companies), the FTSE 250 (the next largest 250 companies) and the Small Cap Indices. These are not equally weighted, but are weighted according to the market capitalisation of the companies within each index. This means that the FTSE 100, containing as it does the very largest companies, dominates the FTSE All-Share Index with a weighting of more than 80%. The chart on page 10 shows that while the FTSE 100 Index made a small positive return during the year, the other two component parts of the FTSE All-Share Index experienced sharply negative returns.

FTSE 100, FTSE 250 and FTSE Small Cap Total Return



Source: Refinitiv Eikon

Size is not the reason the FTSE 100 performed so very differently to the other indices, but a considerable part of the explanation is that the FTSE 100 has a high weighting to Oil and Mining companies and the share prices of these performed well during the year, helped by the surge in commodity prices. It's also true on average that companies outside the FTSE 100 tend to have greater exposure to the UK domestic economy and many will have better growth prospects than the largest companies. With an economy that is perceived as being weaker than many of our peers, inflation gaining momentum and interest rates rising more rapidly than Europe together with unparalleled political dysfunction, the FTSE 250 and FTSE Small Cap Indices faced tough headwinds.

Although our portfolio has exposure to some of the largest companies, it is our belief over the medium and longer-term that companies outside of this group have better growth prospects, as well (in many cases) as generating better immediate returns.

The table below shows our portfolio's average exposure to the constituent parts of the UK stock market and our performance grouped by size, alongside that of the indices:

Weightings and Returns by Size for the Portfolio and FTSE All-Share Index

	Portfolio Average Weight	FTSE All-Share Average Weight	Portfolio Total Return+	Index Total Return+
FTSE 100	56.2	80.7	-4.0	1.6
FTSE 250	32.6	15.8	-25.3	-24.3
FTSE Small Cap	1.8	3.2	-12.0	-17.9
FTSE AIM	5.0	0.0	-11.8	-37.0
Other	4.4	0.3	-10.1	-46.3

+Returns for the year ended 30 September 2022
Source: Columbia Threadneedle Investments

This table shows that although on average we had 56% of the portfolio invested in FTSE 100 companies, this was considerably below the average weighting of the FTSE 100 within the FTSE All-Share Index. In addition, our portfolio had relatively little exposure to Energy and Mining companies (themselves large constituents of the FTSE 100) which hindered the performance of our investments within the FTSE 100 relative to that of the Index.

Further, our portfolio's weighting in FTSE 250 companies is large relative to the FTSE All-Share Index and the average share price performance of these (both in our portfolio and the Index itself) was well behind that of the largest FTSE 100 companies.

Individual Stock Performance

Our strongest performer over the last year was Beazley, which rose more than 50%. In many ways, it is a good example of the type of company we look to invest in and how we look to manage the portfolio. Insurance is inevitably a somewhat volatile business, but we believe Beazley to be amongst the best insurance providers in the UK and Europe, generating attractive returns on average and with good growth potential. The stock market swings in its affections for the company, occasionally producing a volatility in the share price that reflects very short-term concerns or cyclical issues and ignoring the company's longer-term strengths. From its previous peak in September 2019 of above £6 per share, the share price fell such that it traded below £3 in 2020 and 2021, before rising back above £6 in 2022. Not only have we held the shares throughout this period, but we added more than £3.3m to the holding in March 2021 at less than £3.60 per share and so have benefited more on the recent price appreciation than we lost on the initial share price fall.

Shell and BP are both long-standing investments in the portfolio and this year performed well with the share price appreciation largely being a response to rising energy prices. As explained fully in Investment Portfolio by Sector on page 20, the level of our investment in these companies is well below that of the FTSE All-Share Index, so although we benefited from our investment in these companies, when compared to the outcome of the Index, our relatively small holdings were a considerable drag on performance.

A number of our investments suffered considerable falls in value. We did not believe any of these companies were expensively valued at the start of the year and although there have been some individually specific disappointments from the companies, these have generally been fairly modest and in no way sufficient to drive the extent of the share price movements. To reflect our ongoing belief that these companies are able to generate attractive operating returns and that the share prices after these sharp falls do not recognise the longer-term value of these companies, we have been adding selectively to some of these holdings.

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Table A: Absolute performance of stocks held during the year

10 Strongest share prices	Portfolio Average Weight (%)	Total Return to the Company (%)	10 Weakest share prices	Portfolio Average Weight (%)	Total Return to the Company (%)
Beazley	3.7	52.7	Close Brothers Group	1.8	-37.2
Shell	2.3	42.1	Melrose Industries	1.6	-40.4
BP	1.7	33.1	Howden Joinery	2.0	-42.2
British American Tobacco	1.6	32.7	Sirius Real Estate	1.5	-44.1
Compass	2.6	20.1	FDM	0.6	-48.4
AstraZeneca	4.8	13.7	Vistry Group	2.7	-48.8
Secure Income REIT	2.6	13.7	Intermediate Capital	4.1	-49.5
Rio Tinto	3.5	10.9	Countryside Partnerships	2.2	-60.5
National Grid	1.4	10.3	Bridgepoint	0.2	-61.7
Ultra Electronics	0.8	7.9	XP Power	1.0	-66.5

Source: Columbia Threadneedle Investments

Table B: Relative to the Benchmark Index

Top 10 Contributors	Portfolio Average Weight (%)	Average Weight Relative to the Index (%)	Total Return to the Company (%)	Contribution To Relative Performance (%)	Bottom 10 Contributors	Portfolio Average Weight (%)	Average Weight Relative to the Index (%)	Total Return to the Company (%)	Contribution To Relative Performance (%)
Beazley	3.7	3.6	52.7	1.7	Sirius Real Estate	1.5	1.4	-44.1	-0.7
Prudential	–	-1.3	–	0.6	Close Brothers Group	1.8	1.7	-37.2	-0.8
Secure Income REIT	2.6	2.6	13.7	0.5	Howden Joinery	2.0	1.8	-42.2	-0.9
Scottish Mortgage Investment Trust	–	-0.6	–	0.4	HSBC	–	-4.2	–	-1.0
Compass	2.6	1.3	20.1	0.3	Glencore	–	-2.4	–	-1.0
Experian	0.4	-0.8	6.2	0.3	XP Power	1.0	1.0	-66.5	-1.0
Flutter Entertainment	–	-0.7	–	0.3	Vistry Group	2.7	2.6	-48.8	-1.5
Ocado	–	-0.2	–	0.3	Shell	2.3	-4.1	42.1	-1.6
Ashtead	–	-0.9	–	0.3	Countryside Partnerships	2.2	2.1	-60.5	-2.0
Entain	–	-0.4	–	0.2	Intermediate Capital	4.1	3.9	-49.5	-2.2

Source: Columbia Threadneedle Investments

Table B above shows the ten stocks that made the greatest contribution (both positive and negative) to our performance relative to that of the Index. This is a level of analysis beyond the list of those shares with the strongest and weakest performance shown in the Absolute performance of stocks held during the year in Table A above, as it also takes into account the size of our investment position as well as the size and performance of every stock included in the Benchmark Index.

Again, Beazley is at the top of the table as a strong absolute performance combined with an investment size considerably above its weight in the Index resulted in a good relative contribution. Highlighting the difficult nature of the equity market last year, six of the ten largest positive contributors to performance came from not owning stocks which performed poorly.

The stock market's concern about rising interest rates, a slowing economy or recession and falling house prices is shown in the poor performance of the house builders Countryside Partnerships and Vistry, the kitchen manufacturer and retailer Howden Joinery.

Portfolio Turnover

Our investment philosophy and process aim to identify high quality investments with the potential to produce attractive returns for Shareholders through a combination of generating good operating returns, growth in earnings, cashflow and dividends. We are not looking to trade aggressively around short-term price anomalies, but to invest for the long-term in high-returning businesses where the compounding of those returns over time subsequently drives the share price and dividend to Shareholders. A natural consequence of this style of investment is that the level of transactions within the portfolio will be fairly low, driven by a limited number of factors: if the share price has become over-valued, if another, more attractively valued investment is available, or if our original investment thesis is proven to be incorrect.

Total sales from the portfolio last year were £28.9m and total new investments (excluding share buy backs) were £26.4m and the number of investee companies in the portfolio reduced from 50 to 47. Compared to average assets of £343.2m, the rate of turnover at 7.7% was low.

Revenue and Earnings Per Share

Our income has continued to recover from the low point that was caused by the COVID-19 pandemic. However, this year's growth is not just about a bounce back, but a number of companies in our portfolio have increased their dividends due to the ongoing strength of their own businesses.

The following table shows the ten companies whose dividends contribute the most to our income. The strength of the growth in dividends from Vistry Group and Beazley is due to the pandemic-driven non-payment or restricted payment of dividends in the prior period, so the apparent strong growth is more a normalisation of dividend payments than a reflection of underlying improvement. However, the rate of growth in dividends from OSB and Intermediate Capital is a reflection of the underlying progress of these businesses. Of the two dividend cuts, Unilever reflects a movement in the foreign exchange rate (the dividend was held flat in euros, but this translated to a cut in sterling), while GSK stems from the demerger of Haleon.

The table also shows the dividend yield of these companies as at 30 September 2022. With the exception of Beazley (where dividend payments are still normalising post-pandemic), Unilever and LXi REIT (where its dividend payments should have some inflation-linking), the yields are high relative to the Index and, for the most part, relative to their own histories. It is a very unusual situation for the management teams of those companies to be confident enough to increase their dividends, in some cases substantially, yet for the stock market to take such a fundamentally different view. After weak share price performance, the dividend yields on many of these shares are now substantially above the dividend yield from the FTSE All-Share Index.

Dividend Growth and Yield from the Ten Largest Contributors to Income

	% increase in dividends per share	dividend yield as at 30.09.22
Rio Tinto	7.2%	10.8%
OSB	53.6%	7.1%
Legal & General	5.0%	8.6%
Vistry Group	200.0%	10.2%
Phoenix	2.9%	9.4%
Intermediate Capital	35.7%	7.7%
Unilever	-3.3%	3.6%
GSK	-13.8%	6.6%
Beazley	n/a	2.3%
LXi REIT	14.6%	4.1%

Source: Columbia Threadneedle Investments

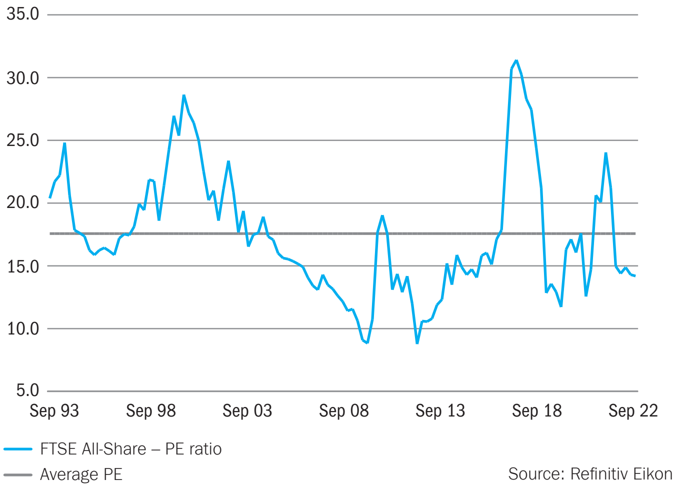
Valuation

The most straightforward way to look at the valuation of the UK stock market is through examination of its price / earnings multiple and dividend yield. On this evidence, UK shares are trading at a below average multiple of earnings and an above average dividend yield. This is, of course, far too simplistic to conclude that the shares are cheap, as it is only future earnings and dividends that will allow us to reach that conclusion with hindsight, but it is a fairly good indication that the negative factors mentioned above have been recognised by investors generally and hence priced into the stock market.

It is also instructive to look at the valuation of UK shares in the context of some other assets and as the chart on page 13 shows, for the last decade or so, UK shares have had a significantly higher yield than either UK government bonds or cash. However, the bank base rate has been increasing and bond yields rising (as bond prices have been falling), such that the yields of the three assets have started to converge. This may, in turn, be the start of a transition back to a period such as existed for decades prior to 2008, when equities consistently yielded less than bonds or cash as investors then recognised that the return from equities came not only from their immediate dividend yield, but from growth in both the dividend and capital value.

As active investors we are not aiming to invest in all companies across the UK stock market, but in companies which should, over time, generate stronger returns, both in capital and income, than the Index. These companies should have stronger pricing power and greater ability to control their own future than the average company. Over time, this should provide better returns than the Index and also help to provide some protection against inflation.

FTSE All-Share price/earnings multiple

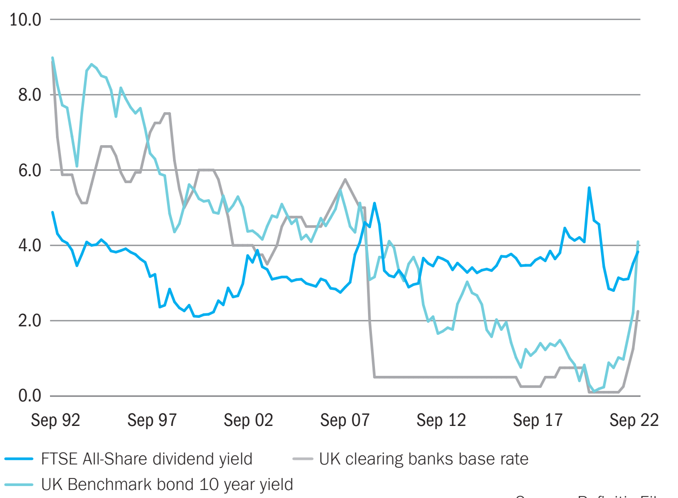


Source: Refinitiv Eikon

FTSE All-Share Dividend Yield (%)

Source: Refinitiv Eikon

Yields from investment assets (%)



Source: Refinitiv Eikon

Outlook

There is a vital distinction to be made between the outlook for the UK and world economies on the one hand and the UK stock market on the other. Whilst it might reasonably be thought that a growing economy is necessary for a strong stock market, this is not necessarily the case. At least in the short-term, returns from the stock market are more driven by changes in valuation multiples than by earnings growth and furthermore, the earnings of many companies are not linked solely or directly to the domestic economy. This may be either as those companies operate internationally, or as their domestic operations may be affected by factors markedly different to the make-up of domestic GDP.

The immediate forecast for the UK economy is not very attractive. The Bank of England is currently warning that the outlook for the UK economy remains 'very challenging' with the possibility of the longest recession on record if interest rates have to increase to 5%. Against a backdrop of inflation running currently above 10%, this is not impossible. Fortunately, it seems plausible that inflation will start to come down quite rapidly, but the Bank of England's 'cure' for inflation (raising interest rates) seems ill-placed against the major causes of the problem, which stem from food and energy costs soaring as a result of Russia's war in Ukraine, while some supply chains are still recovering post the pandemic. Inflation does not appear to have been caused by excess domestic demand, so in this sense, increasing the cost-of-living further with higher interest rates appears to increase the probability of a deeper and longer recession.

Facing a substantial fiscal deficit stemming from the UK's response to the pandemic and the concern of further disruption in the UK Government bond market, the current UK Government is also determined to get closer to balancing its books. In more normal times, this aspiration would be laudable, but against a backdrop of the cost-of-living crisis and a stagnant or recessionary economy, this will need very careful execution in order to avoid making a difficult situation even worse.

It is fairly rare for domestic and international geo-politics to have as direct an impact on stock market returns as they did last year and although there are clearly no guarantees, it is certainly to be hoped that this coming year is less eventful than last.

Fortunately, the outlook described above is well known by investors and arguably already reflected in the valuation of the UK stock market. We believe the stocks within our portfolio offer an attractive combination of good quality and low valuation that justifies optimism about future returns.

Julian Cane
Fund Manager
30 November 2022

Purpose, Strategy and Business Model

Purpose and strategy

The purpose of CT UK Capital and Income Investment Trust (**"the Company"**) is to provide investors with long-term capital and income growth.

The strategy is to invest in companies, mainly in the FTSE All-Share Index, that have good long-term prospects with attractive returns on invested capital.

The investment philosophy and processes underpinning this strategy are set out on pages 24 and 25.

The aim is to position the Company as a compelling investment choice, particularly for retail investors.

Business model

CT UK Capital and Income Investment Trust PLC is a listed, closed-ended investment company, known as an investment trust.

The Company's Board of non-executive Directors looks after the interests of Shareholders. It has the responsibility for decisions on strategy, corporate governance, risk and control assessment, setting policies as detailed on pages 35 to 37, setting limits on gearing and asset allocation, monitoring investment performance and setting and monitoring marketing budgets.

Within these policies the management of the Company's assets including asset allocation, gearing, stock selection and portfolio risk, has been contractually delegated to Columbia Threadneedle Investment Business Limited (**"the Manager"**).

As an investment trust, the Company does not need to sell investments to meet redemptions. This allows the Company to take a longer-term view and to remain invested whatever the market conditions.

Having the ability to borrow to invest is also a significant advantage over a number of other investment fund structures. Borrowing allows the Company to have more resources to invest on behalf of its Shareholders.

Alignment of values and culture

In addition to strong investment performance from the Manager, the Board expects it to adhere to the very highest standards of responsible investment and that its values, culture, expectations and aspirations align with its own. As an original signatory to the United Nations Principles for Responsible Investment (**"UNPRI"**), the Manager has achieved the maximum rating of A+ for key areas of its responsible investment approach and active ownership in listed equities.

The Board considers the Manager's culture and values as part of the annual assessment of its performance and in determining whether its reappointment is in the interests of Shareholders. With Columbia Threadneedle Investments, the Manager can be expected to continue its long-established culture of diversity, collaboration and inclusion, all of which are anchored by shared values, in keeping with the Board's own expectations and beliefs.

Responsible investment impact

The Company's ESG approach is set out on page 26 and helps deliver sustainable investment performance over the longer-term.

The direct carbon impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services, while its Shareholders are effectively its customers. In consequence, it does not directly generate any greenhouse gas or other emissions or pollution. The Company's indirect impact occurs through the investments that it makes and this is mitigated by the Manager's responsible investment approach as explained on pages 26 to 29.

Manager evaluation

Investment performance and responsible ownership are fundamental to delivering sustainable long-term growth in capital and income for Shareholders and the Board therefore exercises a robust annual evaluation of the Manager's performance.

The process for the evaluation for the year under review and the basis on which the decision to reappoint the Manager for another year are set out on page 55.

Fund Manager and management of the assets

As Fund Manager on behalf of the Manager, Julian Cane is responsible for developing and implementing the Company's investment strategy with the Board and for the day-to-day management of the portfolio. He is supported in carrying out research and in the selection of stocks by a team of investment professionals.

Managing risks and opportunities

Like all businesses, investment opportunities do not come without risks and uncertainties and so the performance of the Manager is monitored at each Board meeting on a number of levels. In addition to managing the Company's assets, the ancillary functions of administration, secretarial, accounting and marketing services are all carried out by the Manager. The Board receives reports on the investment portfolio; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; any errors; internal control procedures; marketing; Shareholder and other stakeholder issues, including the Company's share price premium or discount to NAV; and accounting and regulatory updates.

Shareholders can assess the financial performance from the Key Performance Indicators that are set out on page 17 and, on page 30, can see what the Directors consider to be the Principal Risks that the Company faces. The risk of not achieving the Company's objective, or of consistently underperforming the Benchmark or competitors, may arise from any or all of inappropriate asset allocation, poor market conditions, ineffective or expensive gearing, poor cost control, loss of assets and service provider governance issues. In addition to regularly monitoring the Manager's performance, its commitment and available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include JP Morgan Chase Bank, (**"the Custodian"**) and JP Morgan Europe Limited (**"the Depositary"**) in their duties towards the safeguarding of the assets.

The principal policies that support the strategy are set out from page 35, whilst the Fund Manager's Review of activity in the year begins on page 9. In the light of the strategy, investment processes and control environment (relating to both the oversight of the Company's service providers and the effectiveness of the risk mitigation activities), the Board has set out on page 40 its reasonable expectation that the Company will continue in operation and meet its liabilities over the coming five years.

Communications and marketing with key stakeholders

The Company fosters good working relationships with its key stakeholders; Shareholders, the Manager, suppliers and service providers. As an investment trust, the Company has no employees.

With approximately 89% of the shares held by retail investors and share saving schemes and platforms representing an increasingly significant and growing element of the Shareholder base, the Board remains focused with the Manager on promoting its success to this audience. All appropriate channels are used including the internet and social media.

Communication with Shareholders includes reporting the Company's activities and performance through the publication of its financial statements. The vast majority of Shareholders and CT Savings Plan investors prefer not to receive such detailed information. To avoid losing this essential line of communication, we instead make available a short notification summary of the main highlights of our half-yearly and annual results. Shareholders and CT Savings Plan investors are able to locate the full information on our website, ctukcapitalandincome.com. The Annual General Meeting (**"the AGM"**) of the Company provides a forum, both formal and informal, for Shareholders to meet and discuss issues with the Directors and Fund Manager. Through the Manager, the Company ensures that the CT Savings Plan investors are encouraged to attend and vote at AGMs in addition to those who hold their shares as members on the main Shareholder register. Details of the proxy voting results on each resolution are published on the website where there is also a link to the daily publication of our NAV and our monthly factsheet.

The Company's next AGM will be held at 11.30am on 9 March 2023 at Exchange House, Primrose Street, London, EC2A 2NY.

The Manager also has in place a programme of visits designed to foster good relations with wealth managers and underlying investors in promoting the Company's investment proposition. These visits are reported regularly to the Board. The Chairman and Senior Independent Director are available to meet with major investors on request.

"We believe in the power of engaged long-term ownership **as a force for positive change.**"

Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against the following key measures. Commentary can be found in the Chairman's Statement and Fund Manager's Review.

Total return performance

	1 Year %	3 Years %	5 Years %	
NAV per share total return*	(13.1)	(5.4)	5.1	This is used to measure the performance of the portfolio in terms of capital and income growth and can be compared to the return of the Benchmark Index. The Manager is responsible for the performance of the portfolio.
Benchmark Index: FTSE All-Share	(4.0)	2.4	11.3	
Share price total return*	(10.5)	(3.4)	4.9	This is used to measure the return to Shareholders in terms of the capital growth and the dividends they have received and can be compared to the return of the Benchmark Index.

Source: Columbia Threadneedle Investments and Refinitiv Eikon

Compound annual dividend growth

	1 Year %	3 Years %	5 Years %	
Company's annual dividend growth	1.7	1.2	2.1	This shows the Company's dividend growth which can be compared to the changes in the UK Consumer Price Index ("CPI").
Inflation (CPI)	10.1	4.5	3.5	

Source: Columbia Threadneedle Investments and Office of National Statistics

Share price premium/(discount) to NAV per share as at 30 September

	2022 %	2021 %	2020 %	
Premium/(discount) to NAV*	0.8	(2.0)	(0.3)	This is the difference between the share price and the NAV per share. It is an indicator of excess supply over demand for the Company's shares in the case of a discount and the excess demand over supply in the case of a premium.
Average (discount)/premium to NAV during the year	(1.8)	(1.6)	0.4	

Source: Columbia Threadneedle Investments

Ongoing charges as at 30 September (as a percentage of average net assets)

	2022 %	2021 %	2020 %	
Ongoing charges*	0.59	0.59	0.58	This is a measure of the cost of running the Company as a percentage of the average net assets. It can give an indication of cost efficiency over time and be compared to the Ongoing Charges of competitor investment vehicles.

Source: Columbia Threadneedle Investments

* See Alternative Performance Measures on pages 91 and 92 for explanation.

Twenty Largest Holdings

2022	2021		2022 % of total investments	2022 Value £'000s	2021 Value £'000s
1	1	**OSB Group** (Financials) This specialist challenger bank has been generating good returns and growing well at carefully controlled risk levels. Its careful lending, relatively wide net interest margin and robust balance sheet provide protection if there is housing market weakness, while the valuation is very attractive.	5.9	18,918	22,500
2	3	**AstraZeneca** (Health Care) A major international pharmaceutical company. Its pipeline of new drugs is proving successful and producing strong growth now with further potential in coming years.	5.6	17,892	16,121
3	4	**Diageo** (Consumer Staples) The largest producer of premium branded spirits in the world and also a major brewer. The strength of the brands and substantial exposure to markets with greater growth potential should lead to attractive returns.	5.2	16,517	15,684
4	5	**Unilever** (Consumer Staples) A leading manufacturer of branded fast-moving consumer goods with more than half of its sales in emerging markets which have greater growth potential. Its operating returns have been lacklustre compared to peers with scope for improvement.	4.5	14,288	14,418
5	11	**Beazley** (Financials) A specialist insurer with a diverse underwriting portfolio, including a class-leading cyber insurance business. There is some volatility of results because of the unpredictability of major insurance events, but on average it has historically generated good returns and growth.	3.9	12,408	10,997
6	8	**Rio Tinto** (Basic Materials) One of the world's foremost mining companies. It has a diversified asset base, but its most significant interests are in low cost, high quality iron ore. It is our only current exposure to the mining sector.	3.8	12,240	12,284
7	–	**LXi REIT** (Real Estate) This company invests in commercial property assets, mostly in the UK. These are let or pre-let on very long leases, 98% of which are inflation-linked or with fixed uplifts. Tenant covenants are strong and the assets are in sectors with attractive long-term prospects.	3.7	11,919	–
8	20	**RELX** (Consumer Discretionary) RELX is a global provider of information-based analytics and decision tools for professional and business customers across a range of industries. It also has a leading global events business. It generates high returns which we expect will improve further.	3.7	11,885	8,051
9	6	**Legal and General** (Financials) A focus on generating a strong and growing cash flow allows this UK life assurer to pay an attractive and growing dividend. Concerns over its credit exposure appear overdone, just as they have been in the past, leading to the valuation being attractive.	3.7	11,691	14,055
10	17	**Compass** (Consumer Discretionary) Compass is the global leader in outsourced catering. A structural shift towards more outsourcing was disrupted by the pandemic, but good rates of growth are returning. It has unrivalled scale helping it to offer its clients great value.	3.2	10,108	8,532

2022	2021		2022 % of total investments	2022 Value £'000s	2021 Value £'000s
11	2	**Intermediate Capital** (Financials) A specialist investor in private companies both for third-party investors and itself. It has experienced good demand and generated strong returns for many years in a variety of economic conditions. It has great potential to grow the business further.	3.1	10,023	18,201
12	27	**Shell (formerly Royal Dutch Shell)** (Energy) A leading international oil exploration, production and marketing group. For a while the industry has struggled to generate good returns, but the strength in oil prices brought about by post-COVID-19 economic recovery and the Russian war in Ukraine has caused profits and returns to increase sharply.	3.0	9,548	7,011
13	21	**Coca-Cola HBC** (Consumer Staples) This is the third largest independent bottler in the global Coca-Cola system, operating in 29 countries, particularly in Eastern Europe and Nigeria, where long-term growth prospects are attractive. It generates attractive returns.	2.5	7,915	8,033
14	12	**GSK (formerly GlaxoSmithKline)** (Health Care) After many years of lacklustre performance, current management is under significant pressure to reinvigorate the business. The demerger of Haleon, its health care business, earlier this year should help to focus attention on improving returns.	2.5	7,835	10,525
15	13	**Burford Capital** (Financials)* Burford is the international leading provider of litigation funding. Returns can be very high on successful cases, while losses on the relatively few lost cases are strictly limited. It is a fast growing and highly complex market, but it has demonstrated it can generate attractive returns for shareholders.	2.4	7,744	9,439
16	14	**Phoenix** (Financials) A UK domestic life assurer actively taking part in consolidation of the sector. Increased scale drives operational and capital efficiencies and diversification benefits that underpin an attractive dividend.	2.4	7,582	9,295
17	30	**BP** (Energy) A leading international oil exploration, production and marketing group, BP has also been benefiting from the rise in the oil price since its low point at the start of the COVID-19 crisis.	2.2	6,930	5,444
18	9	**Vistry Group** (Consumer Discretionary) The company has made strong operational progress and benefited from its merger with the home building division of Galliford Try. Its proposed merger with Countryside Partnerships will diversify the business further, moving into less cyclical, less capital-intensive areas of home building.	2.0	6,297	12,258
19	19	**LondonMetric Property** (Real Estate) This Real Estate Investment Trust owns a desirable and differentiated portfolio of properties. It has a particular focus on delivering reliable and growing income-led total returns.	1.9	5,969	8,182
20	24	**Forterra** (Industrials) One of the UK's leading brick manufacturers. This is a concentrated market with strong demand and a cost advantage over imports. Two large scale projects commissioning soon will improve returns and efficiency further.	1.9	5,954	7,076

The value of the twenty largest holdings represents 67.1% (30 September 2021: 63.6%) of the Company's total investments.

*Quoted on the Alternative Investment Market in the UK.

Investment Portfolio by Sector

	Performance of this sector in the portfolio %	Performance of this sector in the FTSE All-Share Index %	Average Portfolio weighting %	Average FTSE All-Share weighting %	Impact on relative performance %
Energy This industry is a relatively large part of the UK stock market indices and the share prices of the major constituents, BP (+33%) and Shell (+42%), had strong performance. This was largely driven by the rise in the price of oil, initially as it continued its recovery from pandemic-driven lows, then subsequently from Russia's invasion of Ukraine. Over the last couple of years, our investment stance towards the industry has impacted performance heavily, but our concerns have not diminished; the volatility and level of the oil price is unpredictable, it is not clear how the incumbents will manage the medium and long-term transition of the majority of their existing operations whilst governments appear ever more likely to want to steer, regulate and tax investments and returns from the energy sector.	+38.2	+37.1	4.0	9.9	-2.1
Basic Materials Rio Tinto (+11%) remains our only investment in this industry. We believe it has some of the highest quality mining assets in the industry, and therefore that its returns should be more sustainable and consistent across the commodity cycle. Over the long-term, this should mean that it will outperform the industry, but last year, although its share price performance was ahead of the overall FTSE All-Share Index, it lagged its peer group.	+10.9	+12.2	3.5	8.5	-0.8
Industrials This year saw the completion of the take-over of Ultra Electronics (+8%) after it had been subject to a Government review. Most of the share price appreciation from the announcement of the bid had occurred in our previous financial year. Experian (+6%) is a new addition to the portfolio; it is an example of a very high-quality business with consistently impressive returns and steady growth. The fall of its share price during the year allowed us to start a new investment at what should prove to be an attractive price. We also added to XP Power (-67%), another business with good returns and growth, albeit more volatile. The market has decided, wrongly we believe, to value it at less than ten times future earnings, having valued it at more than 25 times forward earnings less than a year ago. This derating caused the majority of the underperformance in our holdings in this industry.	-25.3	-17.6	13.9	11.8	-1.6

	Performance of this sector in the portfolio %	Performance of this sector in the FTSE All-Share Index %	Average Portfolio weighting %	Average FTSE All-Share weighting %	Impact on relative performance %
Consumer Staples Of our major investments in this area, Diageo (+7%), the drinks manufacturer and marketer, continued its strong performance, while Unilever's share price was also in positive territory (+3.0%). We note the growing pressure for reinvigoration of the business. Our investment in Coca-Cola HBC (-18%) was badly impacted by Russia's invasion of Ukraine as Russia in particular had been a major area of activity for it. Its other business areas are performing very strongly and we have added to the investment over the course of the year.	+3.5	+4.8	12.6	15.2	-0.3
Health Care We have investments in the two major pharmaceutical companies AstraZeneca (+14%) and GSK (-3%). GSK has been under pressure from shareholders to improve returns, which this year resulted in the demerger of Haleon, the healthcare business. We subsequently sold the small holding in Haleon (-9%) in order to add to other existing investments. Both AstraZeneca and GSK have a range of promising new drugs, but litigation around GSK's Zantac may constrain performance.	+8.4	+4.8	8.0	10.7	+0.1
Consumer Discretionary The rise in inflation and interest rates driving the cost of living crisis brought about some sharp falls in the share prices of those companies whose businesses are perceived to be negatively affected. In particular, Countryside Partnerships (-61%), Vistry (-49%) and Howden Joinery (-42%) were hit hard. We think the fundamental outlook for the operation of these three companies remains attractive and their share prices anticipate too pessimistic an outcome for the UK housing market. We added further to RELX (+5%), which has performed well since our initial investment the previous year.	-25.3	-25.5	15.6	11.2	-1.1
Telecommunications We continue not to have any investments in the telecommunications industry. We accept demand for telecommunications products and services has increased significantly over time, but it is also apparent that companies operating in this area have generally not found a way to turn this demand and growth into attractive returns for shareholders. Price is most often the differentiating factor in these highly commoditised areas, leading to no customer loyalty and inadequate returns.	–	-8.3	0.0	2.1	+0.1

	Performance of this sector in the portfolio %	Performance of this sector in the FTSE All-Share Index %	Average Portfolio weighting %	Average FTSE All-Share weighting %	Impact on relative performance %
Utilities As well as adding to National Grid (+10%), our only previous investment in this sector, we started new holdings in Pennon Group (no change) and SSE (-11%). Historically, it has been rare to be able to invest in water companies at a discount to their Regulatory Asset Value, but in the market turmoil at the end of our financial year, such an opportunity arose giving us an opportunity to start a new investment in Pennon Group. We also believe SSE will be an attractive investment with its rapid growth in renewable energy output and significant inflation protection in its revenues.	+12.4	+5.2	1.6	3.5	-0.2
Financials This is the largest allocation of the portfolio and in both absolute and relative terms, performance was disappointing. The 49% fall in the share price of Intermediate Capital is the largest single component of this, but Close Brothers Group (-37%) and OSB Group (-11%) were also contributors. Partially offsetting these were the strong rise in Beazley (+53%) and avoidance of both Prudential (-38%) and Scottish Mortgage (-45%). Within this industry group, we sold our investment in Jupiter as the once-flourishing business looks to be caught in a cycle of fund outflows and we reduced exposures to Beazley and IG, reinvesting in other existing holdings where the share prices appeared more depressed.	-14.5	-9.6	31.9	22.5	-2.4
Technology Shares in technology companies were generally hit hard last year as discount rates rose sharply bringing down valuations. We sold all of our investment in SAP following continued disappointing operational performance.	-15.0	-17.8	1.5	1.4	+0.0
Real Estate Rising bond yields have been seen as negative for property valuations, hence the sharp fall in the share prices of companies in this industry. Our performance in this group was somewhat better, although still negative, as Secure Income REIT produced better performance, largely on the back of its merger with LXi REIT. It should have considerable protection from inflation due to the nature of most of the leases it has with its tenants.	-18.2	-27.7	7.3	3.2	-0.2

The figures shown in the first two columns compare the total return of the group of investments held within the portfolio in each Industry sector against the total return of all Industry sector constituents of the FTSE All-Share Index over the year to 30 September 2022. All figures shown are before operating costs and the effect of gearing.

List of Investments

Quoted investments	Holding	30 September 2022 Value £'000s
UNITED KINGDOM – EQUITIES		
AstraZeneca	180,000	17,892
Babcock International	500,000	1,393
Beazley	2,200,000	12,408
BP	1,600,000	6,930
Bridgepoint	500,000	938
British American Tobacco	180,000	5,808
Burberry	200,000	3,613
Burford Capital*	1,165,362	7,744
Close Brothers Group	550,000	5,101
Coca-Cola HBC	418,000	7,915
Compass	560,000	10,108
Countryside Partnerships (formerly Countryside Properties)	2,500,000	4,987
CRH	190,000	5,528
Diageo	435,000	16,517
DS Smith	1,272,727	3,270
Experian	156,000	4,149
FDM	226,881	1,418
Ferguson	45,000	4,231
Forterra	2,550,000	5,954
GSK (formerly GlaxoSmithKline)	600,000	7,835
Hipgnosis Songs Fund	6,200,000	5,518
Howden Joinery	980,000	4,949
Ibstock	3,400,000	5,579
IG	740,000	5,650
Intermediate Capital	1,020,000	10,023
Intertek	100,000	3,707
Legal and General	5,400,000	11,691
LondonMetric Property	3,420,474	5,969
LXi REIT	9,628,000	11,919
M&G	1,100,000	1,831
Melrose Industries	4,050,000	4,139
National Grid	590,000	5,492
OSB Group	4,500,000	18,918
Pennon Group	480,000	3,778
Phoenix	1,439,776	7,582
RELX	540,000	11,885
Rio Tinto	250,000	12,240
Round Hill Music Royalty Fund	6,813,160	5,096
Sage	332,716	2,320
Schroders	875,000	3,406
Shell (formerly Royal Dutch Shell)	425,000	9,548
Sirius Real Estate	4,728,140	3,329
SSE	175,000	2,673
Unilever	360,000	14,288
Vistry Group	1,070,000	6,297
XP Power	200,000	3,332
UNITED KINGDOM TOTAL EQUITIES		314,898

Quoted investments	Holding	30 September 2022 Value £'000s
EUROPE (EX UK) – EQUITIES		
Heineken	63,000	3,898
EUROPE (EX UK) TOTAL EQUITY		3,898
TOTAL INVESTMENTS		**318,796**

The number of investments in the portfolio is 47 (2021: 50).

*Quoted on the Alternative Investment Market in the UK.

Investments shown in italics are new additions to the portfolio during the year.

Manager's Investment Philosophy and Process

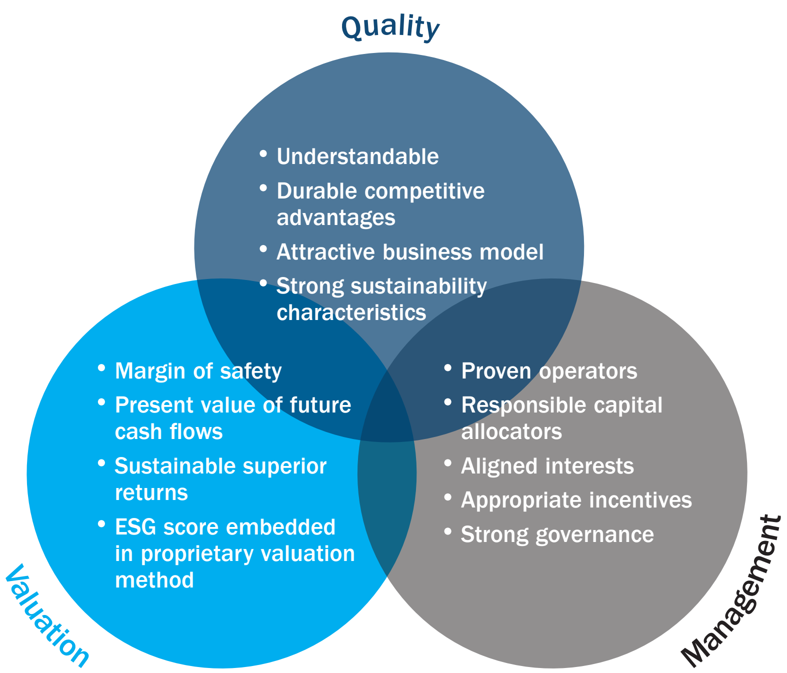
We believe investment markets can be inefficient and share prices may not fully reflect the future prospects and returns of companies. We believe it is possible to identify significant deviations between market prices and a conservative assessment of a business's intrinsic value.

By investing in such companies at attractive prices, superior investment performance can be generated. In particular, we believe that companies with the potential to compound returns at sustainably high rates over many years are frequently underestimated by the market initially, and are therefore undervalued. The valuations of companies can also become attractive because of adverse market reaction to short-term difficulties or simply because a sector has become unfashionable. If companies are able to generate attractive returns over long periods, there is evidence the market eventually rewards this success with higher valuations.

This philosophy leads naturally to long-term investment thinking and the generation and preservation of value over the longer-term. We are not looking to trade shares, nor are we making short-term bets on market movements, but instead are looking to the longer-term. Over time, we expect high corporate returns to be reflected in share prices, which will in turn benefit further from valuation increases as the market recognises the level and sustainability of those returns. As shareholders, we are part-owners of businesses, and take our responsibilities seriously, engaging with the company's management and non-executives if necessary, and voting on all resolutions at company meetings.

Risk is often seen as the flipside of return. The standard economic and business academic approach to risk measures it in terms of volatility.

The Investment Process Focuses on Three Aspects for Each Company



Sharp upward moves in share prices are seen as just as “risky” as an equivalent downward move. This is not really a measure most practical investors would find useful or familiar. We prefer an approach which focuses on companies with attractive returns and relatively little debt where we expect to be able to reduce the risk of a permanent loss of capital.

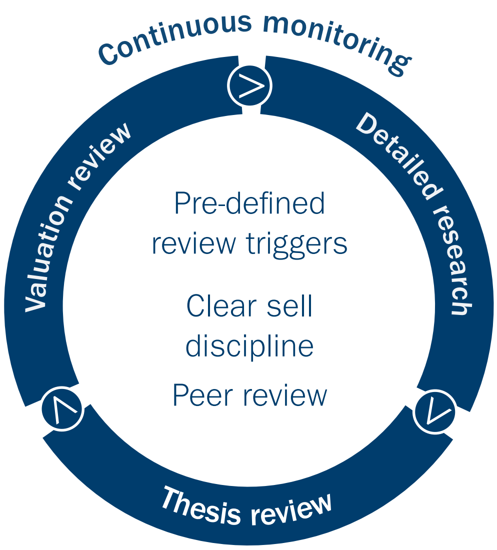
We carry out detailed analysis of all the companies in which we invest, looking in particular at three aspects: the Quality of the company; its Management; and the Valuation of the shares. Amongst the most important issues examined are a thorough assessment of the sustainability of the company’s competitive position and the returns it can generate, and the ability of the management team and its alignment with shareholders. Integral to our assessment of these factors is an analysis of the ESG issues that face the company and its responses to them. More detail on this is given on pages 26 to 29. Our valuation approach focuses on discounted cash flows but is pragmatic enough to realise this does not work for all companies in all sectors so other valuation methods are also used. Before buying, we ascertain whether the share price stands at a reasonable discount to an assessment of the intrinsic value of the business, giving us a margin of safety on the investment.

Our research is conducted in-house and is peer reviewed by the wider investment team prior to any purchase decision. This ensures the benefit of shared knowledge and experience is brought to bear on each investment. Subsequent to a purchase of the shares, the progress of the company and its share price will then be monitored regularly with in-depth reviews and retesting of the original investment thesis particularly if the company or its share price do not perform as initially expected.

Like all investors, we are having to make assessments about the future and take decisions in the face of uncertainty. There is a real possibility of being wrong. We believe that we can mitigate this risk by following this long-term philosophy, emphasising a number of factors: thorough analysis; peer review; the need for a margin of safety on purchase; continuous monitoring; and diversification of the investment portfolio. Reasons to sell can be driven by positive or negative factors: positive, if the value of the company has risen to our assessment of its value, or negative, if the assessment of the company’s long-term value deteriorates significantly. An investment may also be sold if, for example, a similar, but cheaper alternative can be found or if the size of the investment position has become larger than is preferred for risk purposes.

Julian Cane
Fund Manager
30 November 2022

Implementation of the Investment Process



Our Approach to Responsible Investment

As stewards of £296 million of assets, we support positive change. The Company benefits from the Manager's leadership in this field and its £490 billion of assets under management.

Our approach

Responsible Investment issues can present both opportunities and threats to the long-term investment performance we, the Board, aim to deliver to you, our Shareholders. We, believe in the power of engaged, long-term ownership as a force for positive change.

We have a Manager that applies high standards of responsible investment in managing the investments on behalf of the Company. Our approach covers our own governance responsibilities too on matters such as the composition of the Board.

The primary purpose of this report is to provide you with a clear understanding of our approach to responsible investment and how it is integrated into the Manager's investment process. We also explain our stewardship in terms of:

- engagement with portfolio companies and our voting practice;
- how we measure our progress, including in climate change; and
- how we have performed against those measures through milestone examples.

We recognise the importance of disclosing information that is relevant, reliable and, as far as possible, ensuring that it is presented in a consistent way from year to year in order that our progress can be assessed.

Our governance responsibilities

The Company's compliance with the revised AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 45 to 47. In addition, the Policy Summary statement on pages 36 and 37 notes the Company's policies towards board diversity, integrity and business ethics, prevention of the facilitation of tax evasion and the Modern Slavery Act 2015.

Responsible ownership

We and the Manager believe that companies with strong management focus on ESG 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 their shareholders that they are applying appropriate oversight on material issues such as labour standards, environmental management and tax policies. If we have concerns, we also believe that engaging with companies is usually best in the first instance rather than simply divesting or excluding investment opportunities.

Active use of our voting rights is also an important component of our stewardship approach. The Manager has been empowered by the Board to exercise discretion in the use of the Company's voting rights, in accordance with its own corporate governance policies. These policies take a robust line on key governance issues such as executive pay and integrate sustainability issues into the voting process, particularly climate change.

We recognise that the most material way in which the Company can have an impact is through its responsible ownership of its investments. We have therefore appointed a manager that engages actively with the management of investee companies to encourage that high standards of Environmental, Social and Governance (**"ESG"**) practice are adopted. The Manager has long been at the forefront of the investment industry in its consideration of these issues and has one of the longest established and largest teams focused solely on ESG.

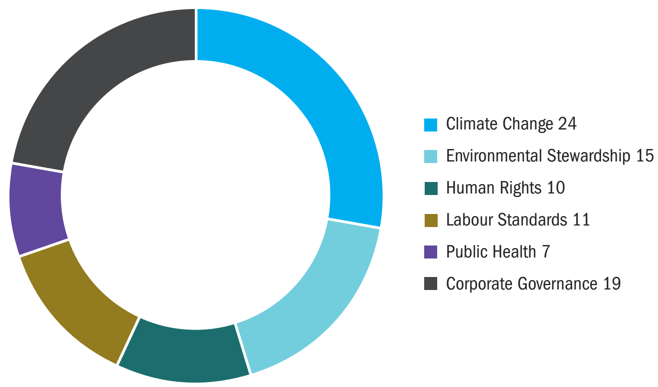
The Manager is also a signatory to the United Nations Principles for Responsible Investment (**"UNPRI"**) under which signatories contribute to the development of a more sustainable global financial system. As a signatory, the Manager aims to incorporate ESG factors into its investment processes.

ESG and the investment process

ESG issues are an integral part of the Manager's investment process, forming part of the assessment of the Quality and Management criteria for possible and ongoing investments. The Manager's ESG teams work closely with the portfolio managers to create an internally generated assessment of the relevant ESG issues for each company. As part of the review process, the Manager will also note if the investment is aligned explicitly with any of the UN Sustainable Development Goals. Details of these goals can be found at www.un.org/sustainabledevelopment/sustainable-development-goals/. The Manager's own ESG assessment is cross-referenced against external sources, for example MSCI ESG Research, to check it is comprehensive. There are two main outcomes of this research. First, the research is used to initiate discussions with the investee company, to clarify the Manager's understanding of the issues involved, to create a dialogue and to encourage higher standards where appropriate. In this the Manager may join with other major investors in order to be a yet more powerful force to drive change. Secondly, it is used to adjust the Manager's assessment of the weighted average cost of capital for the investee company; this is an important component of the valuation model, such that companies with higher ESG standards will warrant a lower cost of capital and in turn a higher valuation, and vice-versa. In these ways, ESG affects each of the cornerstones of the investment process, Quality, Management and Valuation, as well as driving an ongoing dialogue between the Manager and the investee company.

Engagement

Issues raised with companies on engagement



Source: Columbia Threadneedle Investments

In the year under review, the Manager engaged with 19 investee companies held by the Company on a range of ESG topics.

A large portion of engagement focused on climate change, including climate targets, scenario analysis and capex alignment. In addition, the Manager continued engagement on biodiversity loss, exploring companies' biodiversity-related governance, strategy and metrics. The sustainability of supply chains has also been an area of focus during the year. The Manager spoke with companies about potential forced labour risks in global supply chains and set out its expectations for all companies to have robust human rights' due diligence processes in place in line with the UN Guiding Principles for Business and Human Rights, as well as enhanced due diligence for operations.

The Manager's strategic approach to engagement helps to achieve positive outcomes, or 'milestones', relating to the targets that have been set under each of the sustainable development goals. These are instances of change in company practice which they rank from one to three stars, three being the highest, based on their assessment of the importance of the change. Examples of engagement and milestones achieved in the reporting period are set out overleaf.

Examples in the reporting period

BP

After significant engagement, including from the Manager and Climate Action 100+, BP has strengthened its net zero commitment to include the lifecycle (scope 1-3) emissions from all energy produced, sold and physically traded. This is a significant advance from the previous aim of a 50% reduction in the company's lifecycle emissions intensity. The company also now aims to reduce operational emissions by 50% by 2030, compared with an aim of 30-35% previously. ★ ★ ★

BP has joined the Taskforce on Nature Related Financial Disclosures and the Science Based Targets for Nature programme, two leading frameworks for nature disclosure and target setting. These steps greatly strengthen the company's approach and puts it ahead of many peers. ★ ★

The company's latest annual report included an expanded TCFD section, including analysis of a 1.5 degress celsius climate goal and sections on price assumptions and business model resilience. These represent a steady improvement on previous reporting. ★ ★ ★

The Manager also asked for increased detail in the company's disclosure of grievance mechanisms and the effectiveness of its policies, pointing out where existing disclosure does not provide a full picture. The company said that the feedback and suggestions were very helpful and asked for a number of examples of best practice and ongoing support. BP are also developing a net positive impact methodology to measure their nature impacts. The Manager encouraged the company to publish the methodology and examples of how it is being used.

Ibstock

Following engagement by the Manager the company appointed additional independent directors. The company now has reached what the Manager considers the minimum acceptable independence threshold of one-third independence at board level. The Manager had voted against director elections in the past to push for change. ★ ★

Pennon Group

Public and NGO scrutiny of UK water utility performance has continued to build over the summer. The poor record of utilities on pipe network replacement rates and reservoir construction have made headline news. Following these controversies and a poor rating by the Environment Agency, the Manager has engaged with Pennon Group. The Manager is discussing the company's ESG governance, pollution management, investment plans and climate risk approach. The Manager is also discussing with the company how its board provides oversight on ESG, and how their ESG competencies are assessed and the types of training which are provided.

Unilever

The company has committed to measure and annually report product sales against government-endorsed Nutrient Profile Models as well as its own internal metric, providing important transparency. It will also set stretching new targets for increasing the proportion of healthier products in its portfolio, which will be subject to shareholder scrutiny.

Key: As discussed on page 27, stars represent positive outcomes from engagement with three stars being the highest based on the Manager's assessment of the change.

Voting on portfolio investments

As noted previously, the Manager's Corporate Governance Guidelines set out expectations of the boards of investee companies in terms of good corporate governance. The Board expects to be informed by the Manager of any sensitive voting issues involving the Company's investments. The Manager has been empowered by the Board to exercise discretion in the use of the Company's voting rights and reports at each meeting to the Board on its voting record. The Manager will vote on all investee company resolutions.

The Manager has long been an active and leading voice in support of robust corporate governance standards and environmental, social and business ethics practices for companies in all jurisdictions where the Manager invests. The Manager has supported, and in many cases led, the development of high standards of stewardship and recognises the UK Stewardship Code 2020 as a significant step in the further raising of those standards – indeed under the previous Code, the Manager was ranked in the highest tier.

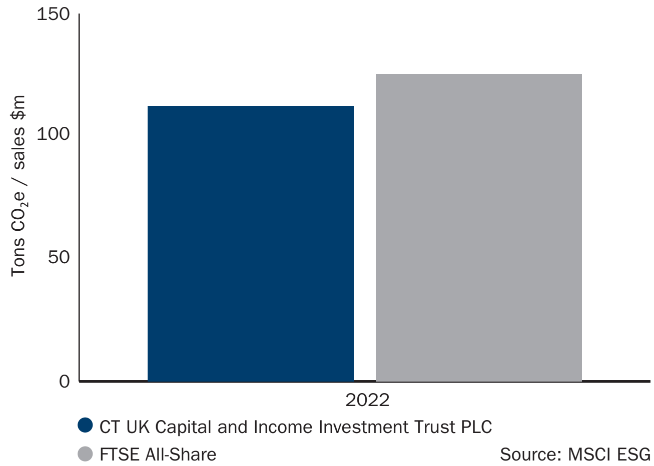
We expect the Company's shares to be voted on all holdings where possible. During the year, the Manager voted at 57 meetings of companies held in the Company. With respect to all items voted, the Manager supported over 98% of all management resolutions. The most contentious issues were director related, followed by compensation.

Climate change

Of all the ESG issues the Manager considers, climate change is one of the most important, both in terms of the scale of potential impact and in how widespread this impact could be across sectors and regions. The Company expects the Manager to incorporate considerations around climate change risks and opportunities in its investment processes.

In the adjacent table, the Company is disclosing the carbon footprint of its investments. This measures the amount of greenhouse gas emissions produced by each investee company, per US$1m of revenue they generate. This is then aggregated for the Company as a whole, using the portfolio weights of the companies, and compared with the Benchmark.

The carbon footprint is a measure of the carbon intensity of the companies the Company invests in. Whilst it does not provide a full picture of climate risks – since it does not, for instance, capture the innovation that companies may be undertaking to find solutions – it is a valuable starting point both for analysis and for shareholder dialogue. The table highlights that the Company's portfolio has less exposure to high carbon emitters than the Benchmark.



Source: MSCI ESG

2023

In 2023 the Manager will continue its engagement on climate change, net zero as well as on human rights and labour standards across various markets and industries. Alongside corporate governance matters, including board accountability and executive remuneration, inequality in all its forms will continue to play a significant part in engagement. Biodiversity and labour standards concerns within certain sectors will also continue to be factored into the Manager's voting policy for 2023.

Principal Risks and Future Prospects

The Board has carried out a robust assessment of the Company's principal and emerging risks and the disclosures in the Annual Report that describe the principal risks, the procedures in place to identify emerging risks and explain how they are being managed or mitigated.

The principal risks together with their mitigations are set out in the table below. The Board's processes for monitoring them and identifying emerging risks are set out on page 53 and in note 21 to the accounts.

The global economy continues to suffer considerable disruption due to the effects of the COVID-19 pandemic, inflationary concerns and the war in Ukraine.

The Directors continue to review the key risk register for the Company which identifies the risks that the Company is exposed to, the controls in place and the actions being taken to mitigate them.

The principal risks identified as most relevant to the assessment of the Company's future prospects and viability are detailed below.

Principal Risks	Mitigation
Macroeconomic and geopolitical risk including the possibility of prolonged recession in the United Kingdom and the impact of the war in Ukraine. **Increase in overall risk during the year.**	The Company has a clearly defined and approved strategy which is reviewed and approved on an annual basis. The Board can hold additional board meetings at short notice to discuss the impact of significant changes in the macroeconomic and geo-political environment. The Company maintains a portfolio of diversified stocks. Forward looking stress tests ranging from moderate to extreme scenarios are provided by the Manager to the Board to support the Five-Year Horizon Statement.
Unfavourable markets or asset allocation, sector and stock selection and use of gearing and derivatives are inappropriate giving rise to investment underperformance as well as impacting capacity to pay dividends. **No change in overall risk during the year.**	The portfolio of quoted securities is diversified and the Company's structure enables it to take a long-term view notwithstanding the current market volatility. Investment policy, performance, revenue and gearing are reviewed at each Board meeting. The Manager's Performance and Risk Oversight team provides independent oversight on investment risk management. The Board regularly considers operating costs along with underlying dividend income and the implications for the dividend payment capacity of the Company taking into account revenue reserves.
Errors, fraud or control failures at service providers or loss of data through increasing cyber threats or business continuity failure could damage reputation or investors' interests or result in losses. **No change in overall risk during the year.**	The Board receives regular control reports from the Manager covering risk and compliance including oversight of third party service providers. The Board has access to the Manager's Risk Manager and requires any significant issues directly relevant to the Company to be reported immediately. The Depositary is specifically liable for loss of any of the Company's securities and cash held in custody.
Inappropriate business or marketing strategy particularly in relation to investor needs or sentiment giving rise to a share price discount to NAV per share. **No change in overall risk during the year.**	To gauge investor sentiment, the Board holds an investor satisfaction survey which is conducted every five years ahead of a vote on whether the Company should continue. The Board holds a separate annual meeting to consider the Company's strategy and performance together with opportunities and threats to its business. The appointment of the Manager is also reviewed annually in terms of sustainable long-term growth in capital and income, which includes the growing recognition of the importance of the application of high standards of ESG practice. Share buybacks can be employed to help moderate discount volatility, while share issues can be made when the shares are trading at a premium. At each Board meeting the Directors receive an update on the marketing activities undertaken by the Manager. This includes details of the level of maturing Child Trust Funds and the decisions, if any, taken by their holders. The Company's Broker provides periodic updates to the Board relating to the Company's trading in the wider market.

"The Company operates within a robust regulatory environment. The Company retains title to all assets held by the Custodian. Cash is held with banks approved and regularly reviewed by the Manager."

Actions taken on Principal Risks in the year
At each meeting of the Board, the Directors consider and discuss the investment performance of the Company with Julian Cane, the Company's Fund Manager. The Board held its annual strategy meeting in September 2022. At this meeting, after due consideration, the Board confirmed that the Company's strategy remained appropriate. At the November 2022 Audit and Risk Committee meeting, the Directors reviewed updated forward looking stress tests prepared by the Manager providing support for the Five-Year Horizon Statement disclosed on page 32.
At each meeting of the Board, the Directors consider and discuss the investment performance of the Company with Julian Cane, the Company's Fund Manager. The Board held a strategy meeting in September 2022 which considered, amongst other topics, investment performance and wider economic issues.
The Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions including IT security. Supervision of third party service providers has been maintained by the Manager and includes assurances regarding IT security and cyber threat. The Depositary oversees custody of investments and cash and reports to the Company in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").
The Board agreed to the continuing appointment of the Manager, which has continued to deliver on the Company's objective. At each Board meeting the marketing activities of the Manager are reported. This can include details of the level of Child Trust Funds reaching maturity and the decisions, if any, taken by their holders. To encourage the retention of these maturing funds, the Manager has introduced a Lifetime ISA and undertaken specific marketing targeted at holders of the maturing Child Trust Funds. Further proposals to encourage retention are being investigated by the Manager. During the year 757,819 shares were bought back at a small discount to NAV of which 175,000 shares were subsequently re-issued at a small premium. Since the year end no further share issuance or buybacks has occurred. These actions moderated share price volatility and enhanced NAV per share for continuing Shareholders.

Emerging risks are recorded on the register and monitored by Directors for significance.

Through a series of connected stress tests ranging from moderate to extreme scenarios and based on historical information, but forward looking over the five years commencing 1 October 2022, the Board assessed the risks of :

- potential illiquidity of the Company's portfolio;
- the effects of any substantial future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings;
- potential breaches of loan covenants, the maintenance of dividend payments and retention of investors; and
- the potential need for extensive share buybacks in the event of share price volatility and a move to a wide discount.

The Board also took into consideration the perceived viability of its principal service providers, potential effects of anticipated regulatory changes and the potential threat from competition. The Board's conclusions are set out under the Five-Year Horizon Statement on page 32. A five-year period is considered to be a reasonable time frame for measuring and assessing medium to long-term investment performance. A five-year period has also been selected as the shares may not be suitable for investors intending to hold them for less than that period.

Five-Year Horizon Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the future prospects of the Company over the coming five years. Factors that the Board considered were:

- The Company has a long-term investment strategy under which it invests mainly in readily realisable, UK publicly listed securities and which restricts the level of borrowings.
- Subject to the outcome of five-yearly Shareholder continuation votes, the Company's business model and strategy are not time limited. As referred to in the Chairman's Statement on page 7 and the Directors' Report on page 44, resolution 15 proposing the continuation of the Company will be put to Shareholders at the forthcoming Annual General Meeting on Thursday 9 March 2023. The Directors are recommending that Shareholders vote "for" this resolution.
- The Company is inherently structured to generate long-term returns, with a five-year period viewed as a reasonable time frame for measuring and assessing medium to longer-term investment performance.
- The Company is able to take advantage of its closed-end investment trust structure, including the ability to use short-term borrowings by way of loans and overdrafts and the capacity to secure additional finance well in excess of five years.
- There is robust monitoring of the headroom under the Company's bank borrowing covenants.
- Regular and robust review of revenue and expenditure forecasts is undertaken throughout the year.
- The Company retains title to all of its assets which are safeguarded as described under "Safe custody of assets" and "Depositary" on page 43.

The Board gave careful consideration to the impact of the COVID-19 pandemic, inflationary concerns, the war in Ukraine and the resulting volatility in stockmarkets and economic disruption when making this assessment.

As discussed in note 20 to the Financial Report on page 77, the Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached. The primary risk is that there is a very substantial decrease in the NAV of the Company in the short to medium-term. The Directors have considered the remedial measures that are open to the Company if such a covenant breach appears possible. As at 29 November 2022, the last practicable date before publication of this report, borrowings amounted to £24 million. This is in comparison to a net asset value of £324 million. In accordance with its investment policy the Company is invested mainly in readily realisable, FTSE All-Share listed securities. These can be realised, if necessary, to repay the loan facility and fund the cash requirements for future dividend payments.

The Company operates within a robust regulatory environment. The Company retains title to all assets held by the Custodian. Cash is held with banks approved and regularly reviewed by the Manager.

Based on this assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period ending November 2027.

Promoting the Success of the Company
– Section 172 Statement

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 14, the Company is an externally managed investment company and has no employees, customers or premises. The key stakeholders are the Shareholders, the Manager, suppliers, regulators and service providers.

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.

The Company's primary working relationship is with the Manager. The portfolio activities undertaken by the Fund Manager and the impact of decisions taken are set out in the Fund Manager's Review on pages 9 to 13. On pages 26 to 29 information is provided on the Company's approach towards responsible investment. The Directors are supportive of the Manager's approach, which focuses on engagement with the investee companies on ESG issues and how this links with the United Nations Sustainable Development Goals (**"SDGs"**). 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 55.

Service providers such as, JP Morgan Chase Bank (**"the Bank and the Custodian"**), JP Morgan Europe Limited (**"the Depositary"**), Cenkos Securities (**"the Broker"**) and Computershare Investor Services PLC (**"the Registrar"**) are also considered key stakeholders. The Board receives regular reports from them and evaluates them to ensure expectations on service delivery are met.

The Directors value engagement with Shareholders. The Company's website www.ctukcapitalandincome.com is available to all Shareholders and key decisions are announced to the London Stock Exchange through a Regulatory News Service. The Company holds an Annual General Meeting. In normal circumstances the Shareholders are invited to attend, and this provides an open forum for them to discuss issues and matters of concern with the Board and representatives of the Manager and the Company's advisors.

The Manager also engages with the Company's larger Shareholders and the outcome of these discussions are reported to the Board at the following Board Meeting. Shareholders are invited to communicate with the Board through the Chairman or Company Secretary. Alternatively, issues can be discussed with the Company's Senior Independent Director, who can be contacted at the Company's registered office address detailed on page 57.

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

Dividends

The Board is aware that dividend income is important to Shareholders and dividend growth is therefore a Key Performance Indicator of the Company. Prudent stewardship in prior years combined with careful stock selection has given the Company distributable reserves providing some resilience to pay dividends in years when there is a shortfall in investment income. Therefore, despite the impact of the COVID-19 pandemic, inflationary concerns and the war in Ukraine, the Company has increased its annual dividends paid to Shareholders, and maintained its "AIC Dividend Hero" status.

As part of the decision making process, the Manager has provided the Board with estimates of dividend income for the forthcoming year and the estimated impact upon the distributable reserves of the Company.

Share issuance and buy-backs

Ensuring that liquidity is maintained for the Company's shares is important to Shareholders. During the year, the Company bought back for treasury 757,819 shares at a small discount. Of this amount 175,000 have been subsequently re-issued at a small premium to NAV. These actions moderated share price volatility.

Board succession planning

The Board is committed to ensuring that its composition is compliant with best corporate governance practice under the revised AIC Code including guidance on tenure. Following a thorough process which included the services of a search company, with effect from 21 July 2022 Patrick Firth was appointed to the Board. Sharon Brown will retire from the Board on 31 December 2022 having served nine years. Upon Sharon Brown's retirement Patrick Firth will be appointed Chair of the Audit and Risk Committee. These changes allow for the retirement of the Company's longest serving Director while maintaining an appropriate balance of skills and experience on the Board.

On 1 July 2023 Jonathan Cartwright will retire from the Board. Upon his retirement Jane Lewis who has served on the Board since April 2015 will be appointed Chair.

The Board will also recruit a new Director taking account of diversity as part of this process.

Retail investors

The Company's Shareholders are predominantly retail investors who invest through savings or execution-only platforms. A significant proportion invest through the CT 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. The Manager remains committed to its savings plans and its relationship with its customers and is investing significantly to improve digital capabilities, access and information for Shareholders through the savings plans.

Policy Summary

Investment

The Company is required to have a publicly stated investment objective and policy from which Shareholders, prospective investors and other stakeholders can understand the scope of its investment remit and constraints imposed under it. Any material changes to this objective and policy can only be made with the approval of Shareholders and the Financial Conduct Authority.

The Company's investment objective is to secure long-term capital and income growth from a portfolio consisting mainly of UK listed companies.

The Company seeks to achieve this objective by identifying investments in companies which have good long-term prospects but whose share prices do not reflect their intrinsic value, either because of relative short-term underperformance giving rise to adverse investor sentiment or simply because they are unfashionable. Many of the stocks purchased have a higher than average dividend yield.

Investment risk is reduced by investing mainly in FTSE All-Share companies. The majority of holdings are in large and mid-capitalisation companies, although the Company also holds investments in smaller companies. At the year end the Company was invested in 46 holdings.

There are no maximum limits across sectors. The Company can invest in securities listed on the Alternative Investment Market (**"AIM"**) up to a limit of 10% of gross assets at the time of investment.

No single investment in the portfolio may exceed 10% of the Company's gross assets at the time of purchase and no unquoted securities may be purchased without the prior approval of the Board. No holding in an unquoted security should exceed 5% of the value of gross assets at the time of investment and no more than five unquoted securities may be held in the portfolio at any one time.

The total value of its investments held outside the UK must not exceed 10% of the Company's gross assets at the time of investment but no individual country limits are imposed. The proportion of the portfolio held in FTSE All-Share and AIM listed companies as at 30 September 2022 was 98% and 2% respectively. Only 1% of the total portfolio was held outside the UK, all in continental European stocks.

No more than 10% of its gross assets can be invested in other listed investment companies (including investment trusts) unless they themselves have stated they will invest no more than 15% of their gross assets in other listed investment companies. Provided they have, the Company's limit becomes 15%.

The Company may use derivatives principally for the purpose of income enhancement and efficient portfolio management. Options may only be written on quoted stocks and the total notional exposure is limited to a maximum of 5% of gross assets at the time of investment for both put and call options. The exposure arising from any futures contracts entered by the Company is included within the calculation of the 20% limit on cash and gearing.

The Board carries out due diligence with regard to the investment policy and underlying policies at each of its Board meetings receiving regular reports from the Fund Manager. Confirmation of adherence to the investment restrictions and limitations set by the Board are required at each meeting. The Fund Manager's Review on pages 9 to 13 provides an overview of the outcome from the application of the investment policy and the underlying policies during the course of the year.

Using its closed-ended investment company structure, the Company can borrow over short, medium or long-term periods within a range of 0 to 20% of gross assets to enhance Shareholder returns. Gearing was a modest contributor to returns for the year under review. As at 30 September 2022 the Company had borrowings of £24 million. The Board monitors borrowing levels and covenant headroom at each Board meeting.

Dividend

The Company's revenue account is managed with the objective of continuing the Company's record of delivering a stable and growing dividend to Shareholders over time. Prudent use of long established revenue reserves is made whenever necessary to help meet any revenue shortfall. Dividends can also be paid from capital reserves.

The Board determines payments by taking account of timely income forecasts, brought forward distributable reserves, prevailing inflation rates, the dividend payment record and Corporation Tax rules governing investment trust status. Risks to the dividend policy have been considered as part of the Principal Risks and Future Prospects reviews noted on pages 30 to 32.

The consistent application of this policy has enabled the Company to pay an increased dividend every year since launch in 1992.

Premium/Discount

The Company issues any shares in order to meet Shareholder demand which cannot be satisfied through the market and to moderate any premium at which the shares have traded in relation to the NAV per share. When the shares revert to trading at a price lower than the NAV per share, the Board has the flexibility to buy back shares in accordance with the authority given by Shareholders. Shares bought back can either be cancelled or held in treasury for potential resale at a premium. This policy has the benefit of enhancing NAV per share for continuing Shareholders. The Board reviews the discount and premium levels at each meeting. The shares traded at an average discount of 1.8% throughout the year. The shares ended the year at a 0.8% premium. During the year the Company bought back for treasury 757,819 shares at a small discount. Of this amount 175,000 have been subsequently re-issued at a small premium to NAV. Since the year end there have been no further share buybacks or issuance.

Taxation

The policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. It is essential that the Company always retains its investment trust tax status by complying with Section 1158 of the Corporation Tax Act 2010 (**"Section 1158"**) such that it does not suffer UK Corporation Tax on capital gains. In applying due diligence towards the retention of Section 1158 status and adhering to its tax policies, the Board receives regular reports from the Manager. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions. The Manager also ensures that the Company submits correct taxation returns annually to HMRC; settles promptly any taxation due; and claims back, where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts.

Board diversity

The policy towards the appointment of non-executive Directors is based on the Board's belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender.

The policy is always to appoint the best person for the job and, by way of this policy statement it is confirmed that there will be no discrimination on the grounds of gender, ethnicity, socio-economic background, religion, sexual orientation, age or physical ability.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people to deliver the objective. The policy is applied for the purpose of appointing individuals that, together as a Board, will continue to achieve that aim as well as ensuring optimal promotion of the Company's investment proposition in the marketplace.

The Board is conscious of the diversity targets set out in the FCA Listing Rules. Although the Company is not required to report against these targets under the Listing Rules until 30 September 2023, the Board is disclosing this information on a voluntary basis.

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity.

Board Gender as at 30 September 2022(1)

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board(2)
Men	3	50%	2
Women	3	50%(3)	–(4)

(1) The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for an investment trust.

(2) Composed of the Chair and the Senior Independent Director.

(3) This meets the Listing Rules target of 40%.

(4) The positions of the Chairs of the Audit and Risk, Nomination and Remuneration and Management Engagement Committees are held by women however these are not currently defined as senior positions under the Listing Rules. Following the retirement of Sharon Brown, the Chair of Audit and Risk will be held by a man.

Following the retirement of Jonathan Cartwright, the position of Chair will be held by a woman. This will meet the Listing Rules target of 1.

Board Ethnic Background as at 30 September 2022[1]

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board[2]
White British or other white (including minority-white groups)	6	100%	2
Mixed/Multiple Ethnic Groups	– [3]	–	–

(1) The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for an investment trust.

(2) Composed of the Chair and the Senior Independent Director.

(3) This Listing Rule target is 1.

The information included in the above tables has been obtained following confirmation from the individual Directors. As shown in these tables, the Company has already met the Listing Rules target in relation to the gender diversity of the Board. The Board will continue to take diversity into account as part of its succession planning and recruitment process.

Integrity and business ethics

The Company applies a strict anti-bribery and anti-corruption policy insofar as it applies to any Directors or employee of the Manager or of 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 and hospitality and similar matters.

Prevention of the facilitation of tax evasion

The Company is committed to compliance with the UK's Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which it operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Modern Slavery Act 2015

The Company is an investment company with no employees or customers and does not provide goods or services in the normal course of business. It has appointed the Manager to manage the investments, engage on ESG issues and to carry out administrative and secretarial services.

The Company's own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. The Board therefore believes that the potential for acts of modern slavery or human trafficking in the Company's own environment is extremely low.

Jonathan Cartwright
Chairman
30 November 2022

Directors

Jonathan Cartwright, Chair, was appointed to the Board on 26 November 2019 and was last re-elected by Shareholders on 10 March 2022. He became Chair of the Company with effect from 1 April 2020. He is Chair of Mobeus Income & Growth 4 VCT plc and a non-executive director of British Smaller Companies VCT PLC. He was formerly Chair of BlackRock Income and Growth Investment Trust PLC and The Income and Growth VCT PLC and a non-executive director of Tennants Consolidated Limited. He qualified as a chartered accountant with KPMG and thereafter held the role of group financial controller at Hanson PLC. He moved to Caledonia Investments PLC where he became Finance Director and retired in 2009 after 20 years' service. Jonathan will retire from the Board on 1 July 2023.

Sharon Brown, Chair of the Audit and Risk Committee, was appointed to the Board on 16 September 2013 and was last re-elected by Shareholders on 10 March 2022. She is a non-executive director and Chair of the Audit and Risk Committees of European Opportunities Trust PLC, Celtic PLC, Baillie Gifford Japan Trust PLC and Circularity Scotland Limited. She is also a director of a number of limited companies in the retail sector. She was previously a non-executive director and Chair of the Audit and Risk Committees of McColls Retail Group PLC and Fidelity Special Values PLC. She is a fellow of the Institute of Chartered Management Accountants and was, between 1998 and 2013, Finance Director and Company Secretary of Dobbies Garden Centres PLC. Sharon will retire from the Board on 31 December 2022.

Patrick Firth, Non-Executive Director, was appointed to the Board on 21 July 2022. Patrick is a qualified Chartered Accountant and a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since 1992 and has been, and continues to be a director of a number of management companies, general partners and investment companies. He is currently Chair of the Audit and Risk Committees of Riverstone Energy Limited, NextEnergy Solar Fund Limited and India Capital Growth Fund Limited. Patrick will be appointed Chair of the Audit and Risk Committee upon the retirement of Sharon Brown.

Jane Lewis, Chair of the Nomination and Remuneration Committee, was appointed on 24 November 2015 and was last re-elected by Shareholders on 10 March 2022. She is Chair of Invesco Perpetual UK Smaller Companies Investment Trust PLC, Senior Independent Director of JPMorgan Global Growth and Income PLC and a non-executive director of BlackRock World Mining Trust PLC and Majedie Investments PLC. She was a Director of Corporate Finance and Broking at Winterflood Investment Trusts until August 2013. Prior to this she worked at Henderson Global Investors and Gartmore Investment Management Limited in investment trust business development and at WestLB Panmure as an investment trust broker. Jane will be appointed Chair of the Board upon the retirement of Jonathan Cartwright.

Nicky McCabe, Chair of the Management Engagement Committee, was appointed to the Board on 1 January 2021 and was last re-elected by Shareholders on 10 March 2022. Nicky has extensive sector experience as she was formerly Head of Product and Investment Trusts at Fidelity International as well as a director and Chief Operating Officer of a number of Fidelity companies. Nicky is currently a non-executive director of Abrdn Asian Income Fund Ltd, Artemis Investment Management Limited and Vitality Life Insurance.

Tim Scholefield, Senior Independent Director, was appointed to the Board on 25 November 2014 and was last re-elected by Shareholders on 10 March 2022. He is Chair of Invesco Bond Income Plus Ltd and a non-executive director of Abrdn UK Smaller Companies Growth Trust PLC, Allianz Technology Trust PLC and Jupiter Unit Trust Managers Limited. He was previously a non-executive director of Fidelity Asian Values PLC. He has more than 30 years of investment experience, including his role as Head of Equities at Baring Asset Management until April 2014.

No Director holds a directorship elsewhere in common with other members of the Board.

All Directors are members of the Management Engagement Committee and the Nomination and Remuneration Committee.

All Directors with the exception of Jonathan Cartwright are members of the Audit and Risk Committee.

Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 30 September 2022. The Directors' biographies, Corporate Governance Statement; the Report of the Nomination and Remuneration Committee; the Directors' Remuneration Report; the Report of the Audit and Risk Committee Report and the Report of the Management Engagement Committee form part of this Directors' Report.

Statement regarding Report and Accounts

The Directors consider that following advice from the Audit and Risk Committee, the Report and Accounts, 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. The Audit and Risk Committee has reviewed the draft Report and Accounts for the purposes of this assessment. The market outlook for the Company can be found on page 13. Principal risks can be found on page 30 with further information on page 78.

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

Results and dividends

The results for the year are set out in the attached accounts. The Company's dividend payments are set out below.

Dividends paid in the year ended 30 September 2022

	£'000s
Fourth of four interims for the year ended 30 September 2021 of 3.75p per share	4,019
First of four interims for the year ended 30 September 2022 of 2.65p per share	2,841
Second of four interims for the year ended 30 September 2022 of 2.65p per share	2,839
Third of four interims for the year ended 30 September 2022 of 2.65p per share	2,833
	12,532

As explained in the Chairman's Statement, the Board has declared a fourth interim dividend of 3.85 pence per share. This will be paid on 19 December 2022 to Shareholders on the register on 9 December 2022. This dividend, together with the other three interim dividends paid during the year makes a total dividend of 11.80 pence per share. This represents an increase of 1.7% over the 11.60 pence per share paid in respect of the previous year.

As dividends are paid quarterly in March, June, September and in December, the Company does not pay a final dividend in February that would otherwise require formal Shareholder approval at the AGM. Formal approval will therefore be sought at the AGM to continue quarterly payments. **(Resolution 2)**.

Company status

The Company is a public limited company and an investment company as defined by section 833 of the Companies Act 2006. The Company is limited by shares and is registered in England and Wales with company registration number 02732011. It is subject to the FCA's listing rules, UK legislation and regulations including company law, financial reporting standards, taxation law and its own articles of association.

The Company is exempt from Streamlined Energy and Carbon Reporting Disclosures as it has consumed less than 40,000 Kwh of energy in the United Kingdom during the year.

Taxation

As set out on page 36 and in note 7 to the accounts as an investment trust, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with section 1158 of the Corporation Tax Act 2010. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Accounting and going concern

The financial statements, starting on page 63, comply with current UK financial reporting standards, supplemented by the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (**"SORP"**). The significant accounting policies of the Company are set out in note 2 to the accounts. The unqualified auditor's opinion on the financial statements appears on pages 58 to 62. As discussed in the Five Year Horizon Statement on page 32 and note 20 to the financial statements on page 77, additional considerations were given to assessing the applicability of the going concern basis of accounting this year. Recently, the COVID-19 pandemic, inflationary concerns and the war in Ukraine have resulted in increased volatility in financial markets and economic disruption. When assessing going concern the Directors have therefore considered these in addition to the Company's objective, strategy and policy, its current cash position, the availability of its loan facility and compliance with its covenants and the operational resilience of the Company and its service providers.

The Board has considered the impact of falls in the NAV of the Company and the ability of it to meet its banking covenants. The primary risk is that there is a very substantial decrease in the NAV of the Company in the short to medium-term. The Board considers that the possibility of a fall of this magnitude is remote. In addition, the Company has remedial measures if such a covenant breach appeared possible.

Further details on this assessment are provided on pages 31, 32 and 77.

As referred to in the Chairman's Statement on page 7 and the Directors' Report on page 44, resolution 15 proposing the continuation of the Company will be put to Shareholders at the forthcoming Annual General Meeting on Thursday 9 March 2023. The Directors are recommending that Shareholders vote "for" this resolution.

Based on this assessment, and in light of the controls and monitoring processes that are in place, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of the approval of the financial statements. Accordingly, it is reasonable for the financial statements to continue to be prepared on a going concern basis. The Company's longer-term viability is considered in the Future Prospects "Five-Year Horizon" Statement on page 32.

Capital structure

As at 30 September 2022 there were 107,289,022 ordinary shares of 25 pence each in issue including 582,819 shares held in treasury.

As at 29 November 2022 (being the latest practicable date before publication of this report) the number of ordinary shares in issue was 107,289,022 including 582,819 shares held in treasury.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in note 15 to the accounts. The revenue profits of the Company (including accumulated revenue reserves), together with the realised capital profits, are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to Shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's articles of association.

Issue and buyback of shares

At the AGM held on 10 March 2022 Shareholders renewed the Board's authority to issue ordinary shares up to 10% of the number then in issue. To satisfy demand for the Company's shares, mainly from holders through the CT Savings Plans, the Company issued shares on one occasion in the year under review. A total of 175,000 shares with a nominal value of £43,750 were issued at a price of 336.5 pence for a total consideration of £588,875 before the deduction of issue costs.

Subject to annual Shareholder approval, the Company may also purchase up to 14.99% of its own issued ordinary shares at a discount to NAV per share. The shares bought back can either be cancelled or held in treasury to be sold as and when the share price returns to a premium. At the AGM held on 10 March 2022 Shareholders gave the Board authority to buy back ordinary shares up to 14.99% of the number then in issue. During the year under review 757,819 shares were purchased in ten tranches and held in treasury. The price paid ranged from 293.00 pence to 336.50 pence. 175,000 of these shares were subsequently re-issued at a premium of £21,000.

Since the year end to the date of this report there have been no further buyback or issuance of shares.

Voting rights

At 29 November 2022 the Company had 107,289,022 ordinary shares in issue including 582,819 shares held in treasury. Total voting rights were 106,706,203. As at that date no notifications of significant voting rights have been received under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Borrowings and financial risk management

The Company has a one-year multicurrency revolving facility agreement of up to £40 million with The Bank of Nova Scotia, London Branch (**"Scotiabank"**) expiring in March 2023. The interest rate margin and the commitment fees on the Scotiabank facility have been set at commercial rates. It is anticipated that a replacement facility will be entered into upon the expiry of the current facility.

Details of the financial risk management of the Company are provided in note 21 beginning on page 78. An ongoing overdraft arrangement is available to the Company by the Custodian for settlement of investment trades if necessary.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 49 to 51, provides detailed information on the remuneration arrangements for Directors of the Company including the Directors' Remuneration Policy. Shareholders are asked to approve the policy at the AGM to be held on 9 March 2023. This policy is subject to approval by Shareholders every three years. There have been no changes to the policy since the last approval by Shareholders in 2020. 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 in continuing to achieve the investment objective. It is intended that this policy will continue for the three-year period ending at the AGM in 2026. Shareholders will also be asked to approve the Remuneration Report (**Resolutions 3 and 4**).

As detailed on page 49 the Directors' fees are reviewed each year. Following this review, the Directors have agreed that the annual remuneration of the Chairman will increase from £38,500 to £40,500, the Chairman of the Audit and Risk Committee from £31,000 to £32,500, the Senior Independent Director from £27,000 to £28,500 and other Directors from £25,500 to £27,000. These increases were effective from 1 October 2022. The previous increase to Directors' annual remuneration occurred on 1 October 2021.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £250,000 per annum.

Director re-elections

The names of the Directors, along with their biographical details, are set out on pages 38 and 39. All Directors, with the exception of Sharon Brown who will retire on 31 December 2022, will seek election or re-election at the forthcoming AGM. Following a review of their performance, the Board believes that each of the Directors standing for election or re-election has made a valuable and effective contribution to the Company. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. The Board recommends that Shareholders vote in favour of the re-elections of the Directors (**Resolutions 5 to 9**).

Resolution 5 relates to the re-election of Jonathan Cartwright who has served three years. With effect from 1 April 2020 Jonathan has been Chair of the Company. Jonathan has a strong accounting and financial background having held the office of Finance Director at Caledonia Investments PLC where he spent much of his career. He also brings strong leadership skills through senior roles including the Chairmanship of a number of investment and venture capital trusts. Jonathan will retire from the Board on 1 July 2023.

Resolution 6 relates to the re-election of Jane Lewis who has served seven years. She has extensive sector experience through her career in investment company corporate broking at Winterflood and business development at leading investment trust houses. She holds a number of investment trust directorships including as Chair. Jane will become Chair of the Board upon the retirement of Jonathan Cartwright on 1 July 2023.

Resolution 7 relates to re-election of Nicky McCabe who was appointed to the Board on 1 January 2021. Nicky has extensive sector experience as she was formerly Head of Product and Investment Trusts at Fidelity International as well as a director and Chief Operating Officer of a number of Fidelity companies. Nicky is currently a non-executive director of Abrdn Asian Income Fund Ltd, Artemis Investment Management Limited and Vitality Life Insurance.

Resolution 8 concerns the re-election of Tim Scholefield who has served eight years and brings in-depth investment knowledge, expertise and experience in investment management, particularly in equities. He holds a number of other investment trust directorships, including as Chair.

Resolution 9 concerns the election of Patrick Firth who was appointed to the Board on 21 July 2022. Patrick is a qualified Chartered Accountant and a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since 1992 and has been, and continues to be a director of a number of management companies, general partners and investment companies. He is currently Chair of the Audit and Risk Committees of Riverstone Energy Limited, NextEnergy Solar Fund Limited and India Capital Growth Fund Limited. Following Sharon Brown's retirement on 31 December 2022, Patrick will be appointed Chair of the Company's Audit and Risk Committee.

Directors' interests and indemnification

There were no contracts to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This deed of indemnity is a qualifying third-party provision (as defined by section 234 of the Companies Act 2006) and has been in force throughout the period under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and will be available at the AGM. The Company also maintains directors' and officers' liability insurance.

Statement as to disclosure of information to the auditors

Each of the Directors confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which BDO LLP are unaware and they have taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that BDO LLP is aware of that information.

Appointment of auditor and auditor's remuneration

The auditor of a company has to be appointed at each Annual General Meeting at which accounts are laid before Shareholders. BDO LLP has expressed their willingness to continue in office as auditor and resolutions proposing their re-appointment and for the Audit and Risk Committee to determine their remuneration for the current financial year will be submitted at the AGM. Shareholders will be asked to approve these resolutions. (**Resolutions 10 and 11**).

Safe custody of assets

The Company's listed investments are held in safe custody by JP Morgan 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 management agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and location of the securities held.

Depositary

JPMorgan Europe Limited acts as the Company's Depositary (the **"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: cash monitoring; ensuring the proper segregation and safekeeping of the Company's financial instruments that are held by the Custodian; and monitoring the Company's compliance with investment and leverage limits 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 portfolio 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.

The Manager's fee

A quarterly fee of 0.1% of funds under management is payable in arrears to the Manager in respect of the management, administration and ancillary services provided to the Company (see note 4 to the accounts).

AGM

The Notice of AGM to be held on 9 March 2023 is set out on pages 86 to 88.

Authority to allot shares and sell shares from treasury (resolutions 12 and 13)

Resolutions 12 and **13** are similar in content to the authorities and power previously given to the Directors by Shareholders. By law, Directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by Shareholders. In addition, Directors require specific authority from Shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury without first offering them to existing Shareholders in proportion to their holdings.

Resolution 12 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2024 or, if earlier, 15 months from the passing of the resolution, the necessary authority to allot securities up to an aggregate nominal amount of £2,667,655 (10,670,620 ordinary shares). This is equivalent to approximately 10% of the issued share capital of the Company at 29 November 2022 excluding shares held in treasury.

Resolution 13 empowers the Directors to allot such securities for cash, other than to existing Shareholders on a pro-rata basis and also to sell treasury shares without first offering them to existing

Shareholders in proportion to their holdings up to an aggregate nominal amount also of £2,667,655 (representing approximately 10% of the issued ordinary share capital of the Company at 29 November 2022 excluding shares held in treasury) and amounting to 10,670,620 ordinary shares. These authorities and powers will provide the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares or the sale of treasury shares, in accordance with the policies set out on pages 35 and 36 or should any other favourable opportunities arise to the advantage of Shareholders. The Directors anticipate that they will mainly use them to satisfy demand from participants in the CT Savings Plans when they believe it is advantageous to plan participants and the Company's Shareholders to do so. In no circumstances would the Directors use them to issue or sell any shares from treasury unless the existing shares in issue are trading at a premium to NAV. As at 29 November 2022, 582,819 ordinary shares were held by the Company in treasury.

Authority for the Company to purchase its own shares (resolution 14)

Resolution 14 authorises the Company to purchase up to a maximum of 15,995,259 ordinary shares (equivalent to approximately 14.99% of the issued share capital excluding shares held in treasury) at a minimum price of 25 pence per share and a maximum price per share (exclusive of expenses) of the higher of (i) 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. The Directors intend to use this authority with the objective of enhancing Shareholder value. Purchases would only be made, within guidelines established from time to time by the Board, through the market for cash at prices below the prevailing Net Asset Value per ordinary share which would have the effect of enhancing that value for remaining Shareholders. Any ordinary shares that are purchased would either be placed into treasury or cancelled. The authority will continue until the expiry of 15 months from the date of the passing of the resolution unless it is varied, revoked or renewed prior to that by the Company in a general meeting by special resolution. The Board intends to seek future renewal of the authority.

Continuation vote

Resolution 15 seeks Shareholder approval for the continuation of the Company. The continuation of the Company is proposed at every fifth AGM in accordance with the Company's articles of association. The last such vote took place in 2018 and therefore an ordinary resolution for the continuation of the Company will be proposed at the forthcoming AGM. If the resolution is not passed, the Directors will be required to formulate proposals to reorganise, reconstruct or wind up the Company to be put to Shareholders within four months of the date on which the resolution was considered. The Board believes that it is in the best interests of Shareholders for the Company to continue and encourages Shareholders to vote in favour of the resolution.

Form of proxy

Registered Shareholders will find enclosed a form of proxy for use at the AGM. Shareholders also have the option of lodging their proxy votes using the internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Votes should be lodged as soon as possible in accordance with the instructions.

Form of direction

If you are an investor in any of the CT Savings Plans you will have received a form of direction for use at the AGM and you will also have the option of lodging your voting directions using the internet.

All voting directions should be submitted as soon as possible in accordance with the instructions on the form of direction and, in any event, not later than 11:30am on 2 March 2023, so that the nominee company can submit a form of proxy before the 48 hour period begins.

Recommendation

The Board considers that the resolutions to be proposed at the meeting are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors recommend that Shareholders vote in favour of each resolution, as they intend to do in respect of their own beneficial holdings.

By order of the Board
Columbia Threadneedle Investment Business Limited
Secretary
30 November 2022

Corporate Governance Statement

Introduction

The Board adheres to the principles and recommendations of the revised AIC Code of Corporate Governance (the **"AIC Code"**) published in 2019.

The Board believes that the Company has complied with the current recommendations of the AIC Code during the year under review and up to the date of this report and, except as regards the provisions set out below, has thereby complied with the relevant provisions of the 2018 revision to the UK Corporate Governance Code (**"UK Code"**):

The UK Code includes provisions relating to:
- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Corporate Governance Guide for Investment Companies, the Board considers these provisions as not being relevant to the Company, as it is 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. Therefore, with the exception of the need for an internal audit function, which is addressed on page 53, the Company has not reported further in respect of these provisions.

Detailed information on the Directors' Remuneration can be found in the Directors' Remuneration Report on pages 49 to 51 and in note 5 to the accounts.

Copies of both codes may be found on the respective websites theaic.co.uk and frc.org.uk.

AIFMD

The Company is defined as an Alternative Investment Fund (**"AIF"**) under the AIFMD issued by the European Parliament, and which has been implemented into UK law. This requires that all AIFs must appoint a Depositary and an Alternative Investment Fund Manager (**"AIFM"**). The Board remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations. The Manager is the Company's AIFM.

Articles of association

The Company's articles of association may only be amended by special resolution at general meetings of Shareholders.

The Board

The Board's responsibilities are outlined on page 14. More specifically, the Board is responsible for the effective stewardship of the Company's affairs and has adopted a formal schedule of matters reserved for its decision. It has responsibility for all corporate strategic issues, corporate governance matters, dividend policy, share issue and buyback policy, risk and control assessment, investment performance monitoring and budget approval. It is also responsible for the review and approval of annual and half-yearly reports and other public documents.

In order to enable the Directors to discharge their responsibilities, they all have full and timely access to relevant information. The Board normally meets at least four times a year and also holds a strategy meeting. At each meeting, the Board reviews the Company's management information, which includes reports on investment performance and strategic matters and financial analyses. Income forecasts and costs are reviewed within set budgets. The Board monitors compliance with the Company's objectives and is responsible for setting the asset allocation, investment and gearing ranges within which the Manager has discretion to act. Key representatives of the Manager attend each Board meeting. Board meetings are also held on an ad hoc basis to consider particular issues as they arise. The following table sets out the Directors' meeting attendance in the year under review. Committees of the Board met during the year to undertake business such as the approval of the Company's final results and dividends.

Each Director has a signed letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available for inspection at the Company's registered office during normal business hours and are also available at each Shareholder meeting.

Director attendance – year ended 30 September 2022

	Board	Annual General Meeting	Audit and Risk Committee(1)	Management Engagement Committee	Nomination and Remuneration Committee(1)
No. of meetings					
Jonathan Cartwright	5	1	3	1	2
Sharon Brown	5	1	3	1	2
Patrick Firth(2)	2(2)	N/A	N/A	N/A	N/A
Jane Lewis	5	1	3	1	2
Nicky McCabe	5	1	3	1	2
Tim Scholefield	5	1	3	1	2

(1) Prior to 1 December 2021 was named Nomination Committee
(2) All meetings attended since appointment on 21 July 2022

All Directors, with the exception of Patrick Firth who had not yet been appointed, attended the AGM held on 10 March 2022.

The Board also held three committee meetings during the year.

Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such professional advice was taken by Directors during the year under review. The Board has direct access to the company secretarial advice and services of the Manager which, through its nominated representative, is responsible for ensuring that Board and committee procedures are followed and applicable regulations are complied with. The proceedings at all Board and other meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board has the power to appoint or remove the Secretary in accordance with the terms of the management agreement. The powers of the Board relating to the buying back or issuance of the Company's shares are explained on pages 43 and 44.

Appointments

Under the articles of association of the Company, the number of Directors on the Board cannot exceed ten. An induction process takes place for new appointees and all Directors are encouraged to attend relevant training courses and seminars. Directors may be appointed by the Company by ordinary resolution or by the Board. All new appointments by the Board are subject to subsequent election by Shareholders at the next Annual General Meeting. All Directors will stand for re-election by Shareholders annually.

Directors must seek Board approval prior to accepting additional listed external roles.

Board effectiveness

During the year, in order to review the effectiveness of the Board, its Committees and the individual Directors, the Board carried out a process of formal annual self-appraisal. This was facilitated by way of confidential interviews between the Chair and each Director. The appraisal of the Chair was carried out by the Board under the leadership of the Senior Independent Director. The Board considers that the appraisal process is a constructive means of evaluating the contribution of individual Directors and identifying ways to improve the functioning and performance of the Board and its committees and building on and improving collective strengths, including assessing any training needs. The option of using external consultants to conduct this evaluation is kept under review.

Independence of Directors

The Board, which is composed solely of independent non-executive Directors, regularly reviews the independence of the individual Directors. All the Directors have been assessed by the Board as remaining independent of the Manager and of the Company itself; none has a past or current connection with the Manager and each remains independent in character and judgement with no relationships or circumstances relating to the Company that are likely to affect that judgement.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the Company (a **"situational conflict"**). The Board therefore has procedures in place for the authorisation and review of situational conflicts relating to the Company's Directors.

Other than the formal authorisation of the Directors' other directorships and appointments, no authorisations have been sought. They are reviewed throughout the year at each Board meeting and the authorisation of each individual Director's conflicts or potential conflicts annually. These authorisations were reviewed in November 2022 when it was concluded that in each case these situational conflicts had not affected any individual in their role as a Director of the Company. Aside from situational conflicts, the Directors must also comply with the statutory rules requiring Company Directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

In the year under review there have been no instances of a Director being required to be excluded from a discussion or abstain from voting because of a conflict of interest.

Relations with Shareholders

The Company welcomes the views of Shareholders and places importance on communication with its members. The Managers hold meetings with the Company's largest Shareholders and report back to the Board on these meetings. In normal circumstances, each year, the Company will hold an Annual General Meeting to be followed by a presentation by the Fund Manager in London.

In accordance with the UK Code, in the event that votes of 20 per cent or more are cast against a resolution at a General Meeting the Company will announce the actions it intends to take to consult Shareholders to understand the reasons behind the result. A further update will be published within six months. No such votes were received during 2022.

Tim Scholefield has been appointed Senior Independent Director. The Senior Independent Director is available to Shareholders if they have concerns which initial contact through the Chairman or Company Secretary has failed to resolve or for which such contact is inappropriate. Shareholders wishing to communicate with the Chairman or other members of the Board may do so by writing to CT UK Capital and Income Investment Trust PLC, Exchange House, Primrose Street, London EC2A 2NY.

By order of the Board
Columbia Threadneedle Investment Business Limited
Secretary
30 November 2022

Report of the Nomination and Remuneration Committee

Role of the Nomination and Remuneration Committee ("the Committee")

The Committee met twice during the year. Its primary role is to review and make recommendations to the Board with regard to Board structure, size and composition, the balance of knowledge, experience, skill ranges and diversity, consider succession planning and tenure policy and remuneration policy and levels. Its responsibilities include:

- Board structure and size of the Board and its composition, particularly in terms of succession planning and the experience and skills of the individual Directors and diversity across the Board as a whole;
- tenure policy;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the reappointment of those Directors standing for re-election at Annual General Meetings;
- the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
- the question of each Director's independence prior to publication of the Report and Accounts;
- the authorisation of each Director's situational conflicts of interests in accordance with the provisions of the Act and the policy and procedures established by the Board in relation to these provisions;
- remuneration policy; and
- the periodic review the level of Directors' fees, including the Chair of the Board and Committees.

Composition of the Committee

All of the Directors are members of the Committee. The terms of reference can be found on the website at ctukcapitalandincome.com.

Succession planning

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

As part of an orderly succession plan, Sharon Brown will retire from the Board on 31 December 2022. Sharon Brown, who is the Company's Chair of the Audit and Risk Committee has served on the Board for nine years.

As a further part of this plan, Fletcher Jones, a search company without connection to the Company or any individual Director, was commissioned to find a new Director for the Board. Following a thorough selection process Patrick Firth was appointed to the Board with effect from 21 July 2022. Patrick is a qualified Chartered Accountant and a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since 1992 and has been, and continues to be a director of a number of management companies, general partners and investment companies. He is currently Chair of the Audit and Risk Committees of Riverstone Energy Limited, NextEnergy Solar Fund Limited and India Capital Growth Fund. Upon the retirement of Sharon Brown, Patrick Firth will be appointed Chair of the Audit and Risk Committee.

On 1 July 2023 Jonathan Cartwright will retire from the Board. Following Board discussion, it has been agreed that upon his retirement Jane Lewis who has served on the Board since April 2015 will be appointed Chair. Jane Lewis has extensive sector experience through her career in investment company corporate broking at Winterflood and business development at leading investment trust houses. She has been appointed to a number of investment trust boards including as Chair.

The Board will also recruit a new Director taking account of diversity as part of this process.

Diversity and tenure

The Board's diversity policy, objective and progress in achieving it are set out on page 36. In normal circumstances the Chair and Directors are expected to serve for no more than nine years, but this may be adjusted for reasons of flexibility and continuity.

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 55. The conclusion from the process was that the Committee was operating effectively, with the right balance of membership, experience and skills.

Nomination Committee

Prior to 1 December 2021 the Committee was named the Nomination Committee. On that date its role was expanded to include responsibility for recommending to the Board amendments to remuneration policy and the annual remuneration of Directors. In addition, with effect from 1 December 2021 Jane Lewis was appointed the Chair of the Committee replacing Jonathan Cartwright.

Jane Lewis
Chair of the Nomination and Remuneration Committee
30 November 2022

Directors' Remuneration Report

Dear Shareholder,

I am pleased to introduce the Directors' Remuneration Report for the year ended 30 September 2022. This report sets out the Company's forward looking Directors' Remuneration Policy and the Remuneration Report which describes how this policy has been applied during the year. I would welcome any comments you may have.

Directors' Remuneration Policy

The Board's policy is to set Directors' remuneration 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 in continuing to achieve the investment objective. The policy aims to be fair and reasonable in relation to comparable investment trusts and other similar sized financial companies. Time committed to the Company's affairs and the role that individual Directors fulfil in respect of Board and Committee responsibilities are taken into account. 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 Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. This policy was last approved by Shareholders in February 2020 with 93.1% voting in favour and 6.9% against. The policy will be put to Shareholders for renewal at the AGM to be held on 9 March 2023. The Board has not received any views from Shareholders in respect of the levels of Directors' remuneration.

The Company's articles of association limit the aggregate fees payable to the Board to a total of £250,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Nomination and Remuneration Committee.

The fees are fixed and are payable in cash, quarterly in arrears. The fees are reviewed each year. Following this review the Board agreed that the annual remuneration of the Chairman will increase from £38,500 to £40,500, the Chairman of the Audit and Risk Committee from £31,000 to £32,500, the Senior Independent Director from £27,000 to £28,500 and other Directors from £25,500 to £27,000. These increases were effective from 1 October 2022. The previous increase to Directors' annual remuneration occurred on 1 October 2021.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company. Each new Director is provided with a letter of appointment. There is no provision for compensation upon early termination of appointment. The letters of appointment are available for inspection at the Company's registered office during business hours and will be available for 15 minutes before and during the forthcoming AGM.

The dates on which each Director was appointed to the Board and was last re-elected by Shareholders are set out on pages 38 and 39. Each Director's appointment is subject to election at the first Annual General Meeting and continues thereafter subject to re-election at each subsequent Annual General Meeting. The appointment can be terminated on one month's notice. All the Directors, with the exception of Sharon Brown, will stand for re-election at the AGM on 9 March 2023.

The fees for specific responsibilities are set out in the table below.

Annual fees for Board Responsibilities

For the year ending 30 September	2023 £'000s	2022 £'000s	2021 £'000s
Chairman	40.5	38.5	37.0
Director	27.0	25.5	24.5
Senior Independent Director	28.5	27.0	26.0
Audit and Risk Committee Chairman	32.5	31.0	30.0

Directors' Shareholdings – Directors' share interests (audited)

At 30 September	2022	2021
	Number of shares held (audited)	Number of shares held (audited)
Jonathan Cartwright	6,218	6,218
Sharon Brown	1,500	1,500
Patrick Firth*	–	n/a
Jane Lewis	3,095	3,095
Nicky McCabe	3,420	3,420
Tim Scholefield	8,500	8,500

As at 30 September 2022 the shareholding of the Company's fund manager, Julian Cane, was 324,122 shares (2021: 313,437 shares).

The Company's register of Directors' interests contains full details of Directors' shareholdings.

*Appointed as a Director with effect from 21 July 2022.

There have been no changes in any of the Directors' shareholdings detailed above between 30 September 2022 and the date of this report. No Director held any interests in the issued shares of the Company other than as stated above. There is no requirement for the Directors to hold shares in the Company.

Policy implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to Shareholders at the forthcoming AGM. At the last meeting, Shareholders approved the Directors' Remuneration Report in respect of the year ended 30 September 2021. 94.6% of votes were cast in favour of the resolution and 5.4% against.

Directors' remuneration report

The Directors who served during the year received the following amounts for services as non-executive Directors for the years ended 30 September 2022 and 2021 and can expect to receive the fees indicated for 2023 as well as reimbursement for expenses necessarily incurred.

Fees for services to the Company (audited)

	Fees £'000s (audited)		Taxable Benefits(1) £'000s (audited)		Total £'000s (audited)	
Director	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Jonathan Cartwright	38.5	37.0	0.1	-	38.6	37.0
Sharon Brown	31.0	30.0	4.8	0.5	35.8	30.5
Patrick Firth(2)	5.0	n/a	0.4	n/a	5.4	n/a
Jane Lewis	25.5	24.5	2.0	0.3	27.5	24.8
Nicky McCabe(3)	25.5	18.4	1.8	-	27.3	18.4
Tim Scholefield(4)	27.0	24.9	0.1	-	27.1	24.9
Total	152.5	155.3	9.4(5)	0.9	161.9	156.2

(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) Appointed as a Director with effect from 21 July 2022.
(3) Appointed as a Director with effect from 1 January 2021.
(4) Appointed Senior Independent Director on 14 July 2021.
(5) Increased year on year as a result of a return to normal business travel on behalf of the Company post COVID-19.

The table below sets out the annual percentage change in fees for each Director who served in the year under review.

Fees annual percentage change

Director	2022 (audited) %	2021 (audited) %	2020 (audited) %
Jonathan Cartwright	+4.1	+37.0(1)	n/a
Sharon Brown	+3.3	–	+3.4
Jane Lewis	+4.1	–	+2.1
Tim Scholefield	+8.4(2)	+1.6	+2.1
Nicky McCabe	+38.6(3)	n/a	n/a
Patrick Firth	n/a	n/a	n/a

(1) Appointed as a non-executive Director on 26 November 2019, became Chair with effect from 1 April 2020. Increase reflects the first full year in the role.
(2) Appointed Senior Independent Director on 14 July 2021, increase reflects the first full year in the role.
(3) Appointed as a Director with effect from 1 January 2021, increase reflects the first full year with the Company.

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

Relative importance of pay

Actual Expenditure Year ended 30 September	2022 £'000s	2021 £'000s	% Change
Aggregate Directors' fees	152.5	155.3	-1.8
Management and other expenses(1)	2,110.0	1,979.0	6.6
Dividends paid to Shareholders	12,532.0	12,424.0	0.9

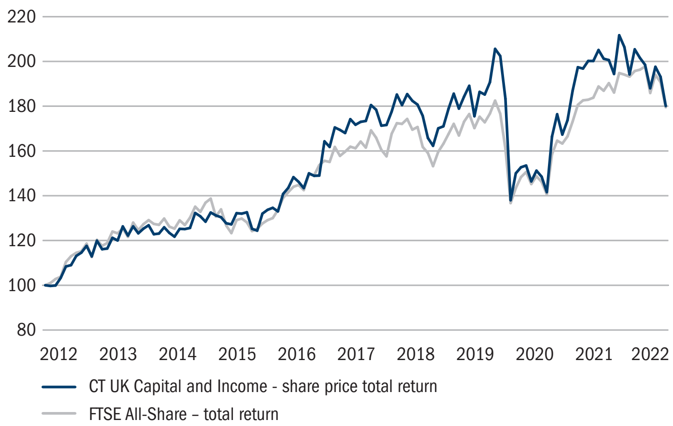
(1) Includes Directors' remuneration.

Company performance

The Board is responsible for the Company's investment strategy and performance. The management of the investment portfolio is delegated to the Manager. An explanation of the performance of the Company for the year ended 30 September 2022 is given in the Chairman's Statement and Fund Manager's Review.

A comparison of the Company's performance over the required ten-year period is set out in the graph. This shows the total return (assuming all dividends are re-invested) to ordinary Shareholders against the Benchmark.

Shareholder total return vs Benchmark total return over ten years (rebased to 100 at 30 September 2012) (%)



Source: Refinitiv Eikon

Jane Lewis
Chair of the Nomination and Remuneration Committee
30 November 2022

Report of the Audit and Risk Committee

The primary responsibilities of the Audit and Risk Committee (the "Committee") are to ensure the integrity of the financial reporting of the Company and the appropriateness of the internal controls and risk management processes.

Role of the Committee

The Committee met on three occasions during the year, and the attendance of each of the members is set out on page 46. The Trust Accountant, the Fund Manager and Risk Managers of the Manager were invited to attend certain meetings to report on relevant matters. The external auditor, BDO LLP, attended two of the committee meetings and also met in private session with the Committee Chair.

The Committee considered, monitored and reviewed the following matters:

- The audited annual results statement and Report and Accounts and the unaudited half-yearly results statement and Report and Accounts;
- The accounting policies of the Company;
- The principal risks 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 future prospects statement on viability;
- The effectiveness of the external audit process and the current independence and objectivity of BDO LLP;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- The need for the Company to have its own internal audit function;
- The ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian, Depositary and a due diligence report from the Company's share registrar; and
- The Committee's terms of reference, which can be found on the website at ctukcapitalandincome.com.

Comprehensive papers and reports relating to each of these matters were considered by the Committee and recommendations were then made to the Board as appropriate.

As noted within Principal Risks and Future Prospects on page 30 the Directors have reviewed the risk register of the Company.

Throughout the preparation processes for both the interim report for the six month period ended 31 March 2022 and the annual report for the year ended 30 September 2022 the Committee has considered the impact of the war in Ukraine, inflationary concerns and the COVID-19 pandemic upon the risks, operations and accounting basis of the Company.

Mindful of the guidance issued by the Financial Reporting Council, when assessing going concern the Directors have considered this in addition to taking note of the Company's objective, strategy and policy, its cash position, availability of the loan facility and the operational resilience of its service providers. Further analysis of the application of the going concern principle is detailed in note 20 to the Financial Report.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information as is noted in the Statement of Directors' Responsibilities on page 56. On broader control policy issues, the Committee has reviewed, and is satisfied with, the Manager's Code of Conduct and to the Anti-Bribery and Anti-Corruption Operating Directive (the **"Directive"**) to which the Manager and its employees are subject. The Committee has also reviewed the Manager's Whistleblowing Policy that has been put in place under which its Directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication to this Committee where matters might impact the Company with appropriate follow up action. In the year under review, there were no such concerns raised with the Committee.

Composition of the Committee

All the Directors of the Company are independent. All Directors, with the exception of the Chair of the Company, were members of the Committee. This is in accordance with developing Corporate Governance best practice. The Chair, however, may be invited to attend. Sharon Brown, Chair of the Committee, is a Chartered Management Accountant with experience as a finance director and is Chair of the audit committees of other companies, including other investment trust companies. Sharon Brown will retire from the Board and Committee on 31 December 2022. Upon the retirement of Sharon Brown the Chair of the Committee will be Patrick Firth. He is a qualified Chartered Accountant and a member of the Chartered Institute for Securities

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and Investment. He has worked in the fund industry in Guernsey since 1992 and has been, and continues to be a director of a number of management companies, general partners and investment companies, including Chair of the Audit and Risk Committees.

The other members of the Committee have a combination of relevant financial, investment and business experience through the senior posts held throughout their careers. The Committee considers that collectively the members have sufficient recent and relevant sector and financial experience to discharge their responsibilities. The performance of the Committee was evaluated as part of the Board appraisal process.

Management of risk

The Manager's Business Risk department provide regular control report updates to the Committee covering risk and compliance while any significant issues of direct relevance to the Company are required to be reported to the Board immediately.

A key risk register is produced by the Manager in consultation with the Board to 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 the reasons for any changes.

The Company's Principal Risks and their mitigations are set out on pages 30 and 31 with additional information given in note 21 to the accounts. The integration of these risks into the analyses underpinning the "Five-Year Horizon" Statement on page 32 was fully considered and the Committee concluded that the Board's statement was soundly based.

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 day-to-day operations, which are managed by the Manager. The 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, covering financial, operational, compliance and overall risk management, is exercised by the Committee and the Board through regular reports provided by the Manager. The reports cover investment performance, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third party administrators of the CT Savings Plans and other relevant management issues.

The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud. Further to the review by the Committee, the Board has assessed the effectiveness of the Company's internal control systems. The assessment included a review of the Manager's risk management infrastructure and the report on policies and procedures in operation and tests for the year to 31 October 2021 (the **"ISAE/AAF Report"**) and subsequent confirmation from the Manager that there had been no material changes to the control environment since this date. This had been prepared by the Manager for all its investment trust clients to the International Standard on Assurance Engagement (**"ISAE"**) No.3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/20).

The ISAE/AAF Report, containing an unqualified opinion from independent reporting accountants KPMG, sets out the Manager's control policies 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 the Manager'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 the Manager's control environment and those extending to any outsourced service providers to ensure that action would be taken to remedy any significant issues. 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 were identified in the Company's year under review. The Committee also reviewed the control reports of the Custodian, the Depositary and the Share Registrar and were satisfied that there were no material exceptions.

Through the reviews and reporting arrangements set out above and by direct enquiry of the Manager and other relevant parties, the Committee and the Board have satisfied themselves that there were no material control failures or exceptions affecting the Company's operations during the year or to the date of this report.

Based on review, observation and enquiry by the Committee and Board of the processes and controls in place within the Manager, including the unqualified opinion of a reputable independent accounting firm that those controls operated satisfactorily, the Committee has concluded that there is no current need for the Company to have an internal audit function and the Board has concurred.

External audit process and significant issues considered by the Committee

In carrying out its responsibilities, the Committee has considered the planning arrangements, scope, materiality levels and conclusions of the 2022 external audit. The table on the next page describes the significant

Significant Judgements and issues considered by the Committee in 2022

Matter	Action
Investment Portfolio Valuation	
The Company's portfolio is invested in listed securities. Although the vast majority of the securities are highly liquid and listed on recognised stock exchanges, errors in the valuation could have a material impact on the Company's Net Asset Value per share.	The Board reviews the full portfolio valuation at each Board meeting and receives quarterly monitoring and control reports from the AIFM and Depositary. The Committee reviewed the Manager's ISAE/AAF Report for the year ended 31 October 2021, 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. The Manager has provided further assurance that controls have operated satisfactorily since that date. The valuation and existence of investments were tested and reported on by the auditors as set out on page 59.
Misappropriation of Assets	
Misappropriation or non-existence of the Company's investments or cash balances could have a material impact on its Net Asset Value per share.	The Committee reviewed the Manager's ISAE/AAF Report for the year ended 31 October 2021, which details the controls around the reconciliation of the Manager's records to those of the Custodian. The Committee also reviewed the Custodian's annual internal control report to 31 March 2022, which is reported on by independent external accountants and which provides details regarding its control environment. Regular updates from the Manager, Depositary and Custodian, in respect of controls operating in subsequent periods up to 30 September 2022, were also reviewed and agreed as being satisfactory.
Income Recognition	
Incomplete or inaccurate income recognition could have an adverse effect on the Company's Net Asset Value and earnings per share and its level of dividend cover.	The Committee reviewed the Manager's ISAE/AAF Report and subsequent confirmation referred to above. It also assessed the final level of income received for the year against the budget which was set at the start of the year and discussed the accounting treatment of special dividends with the Manager. Investment income was also tested and reported on by the auditors as set out on page 59.

judgements and issues considered by the Committee in conjunction with BDO LLP in relation to the financial statements for the year and how these issues were addressed. The Committee also included in their review the areas of judgements and estimates referred to in note 2(c)(xv) to the accounts.

The Committee met in November 2022 to discuss the draft Report and Accounts, with representatives of BDO LLP and the Manager in attendance. BDO LLP submitted their Year-End report to the Committee and confirmed that they anticipated issuing an unqualified audit opinion in respect of the Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board and confirmed that the Report and Accounts were in their view fair, balanced and understandable in accordance with accounting standards, regulatory requirements and best practice. The Independent Auditors' Report, which sets out their unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 58 to 62.

Auditor assessment and independence

The Committee has been satisfied with the effectiveness of BDO LLP's performance on the audit of the Company's accounts. BDO LLP has confirmed its independence of the Company and has complied with relevant auditing standards. In evaluating BDO LLP, the Committee took into consideration the standing, skills and experience of the firm and the audit team and also took note of BDO LLP's audit performance through the FRC's Audit Quality Review. The fee for the audit was £35,000 (2021: £27,000) as shown in note 5 to the accounts.

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 auditors are 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 auditors.

In particular, the Committee has a policy that the costs of all non-audit services sought from the auditors in any one year should not exceed 70% of the average audit fee paid over the last three consecutive years.

There were no non-audit services for the year ended 30 September 2022.

Sharon Brown
Chair of the Audit and Risk Committee
30 November 2022

Report of the Management Engagement Committee

Role of the Management Engagement Committee ("the Committee")

The primary role of the Committee is to review annually the performance of and the fee paid to the Manager for the services it provides under the management agreement together with the terms of the agreement. As part of this process it receives reports on any services delegated by the Manager to outsourced service providers. The Committee considers any extra charges and services proposed by the Manager in addition to the management fees.

The Committee reviews annually the performance of all service providers to the Company and monitors fees payable to them. It will make any necessary recommendations to the Board.

Composition of the Committee

All of the Directors are members of the Committee. The Committee is chaired by Nicky McCabe. The terms of reference can be found on the website at ctukcapitalandincome.com.

Manager and supplier evaluation process

Investment performance is considered by the Board at every meeting, with the formal annual evaluation undertaken by the Committee including the wider services provided by the Manager. In evaluating the performance, the Committee considers a range of factors including the investment performance of the portfolio and the skills, experience and depth of the team involved in managing the Company's assets. For the purposes of its ongoing monitoring, the Board had received detailed reports and views from the Fund Manager on investment policy, asset allocation, gearing and risk. The Board had also received comprehensive performance and risk management schedules to enable it to assess: the success or failure of the management of the portfolio against the performance objectives set by the Board; the sources of positive and negative contribution to the portfolio in terms of gearing, asset allocation and stock selection; and the risk/return characteristics. The Committee also monitors the level of the Manager's fee, the service provided by the Manager including any impact following its acquisition by Columbia Threadneedle Investments and the service and fees of all of the Company's third-party service providers.

Manager reappointment

The annual evaluation that took place in November 2022 included a presentation from the Manager's Head of Investment Trusts. The Manager continued to commit the necessary resources in all areas of their responsibilities, including investment, ESG, marketing and administrative services towards the achievement of the Company's objective. The Committee met in closed session following the presentation and concluded that in its opinion, in the light of longer-term investment performance and the quality of the overall service provided, the continuing appointment of the Manager on the terms agreed was in the interests of Shareholders as a whole. The Board ratified this recommendation.

Nicky McCabe
Chair of the Management Engagement Committee
30 November 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Accounts, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 the profit or loss of the Company 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and a Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Report and Accounts is published on the ctukcapitalandincome.com website, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company's website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors listed on pages 38 and 39 confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes 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
- the Annual Report and financial statements, taken as a whole, 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
Jonathan Cartwright
Chair
30 November 2022

Management and Advisers

The Manager

CT UK Capital and Income Investment Trust PLC is managed by Columbia Threadneedle Investment Business Limited, a wholly-owned subsidiary of Columbia Threadneedle AM (Holdings) PLC which is ultimately owned by Ameriprise Financial, Inc. Columbia Threadneedle Investment Business Limited is authorised and regulated in the UK by the Financial Conduct Authority and is appointed under a management agreement with the Company setting out its responsibilities for investment management, administration and marketing.

The Manager also acts as the Alternative Investment Fund Manager.

Julian Cane Fund Manager and director of UK equities at the Manager, has managed the Company's investments since March 1997. He joined the Manager in 1993.

Marrack Tonkin Head of Investment Trusts at the Manager. He has responsibility for the relationship with the Company. He joined the Manager in 1989.

Scott McEllen Represents the Manager as Company Secretary and is responsible for the Company's statutory compliance. He joined the Manager in 2007.

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The Secretary and the Company's Registered Office

Columbia Threadneedle Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone: 020 7628 8000
Website: ctukcapitalandincome.com
Email: invest@columbiathreadneedle.com

The Auditors

BDO LLP
55 Baker Street
London W1U 7EU

The Bank

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

The Custodian

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

The Depositary

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

The Registrars

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0370 889 4094

The Legal Counsel

Dickson Minto W.S.
Broadgate Tower, 20 Primrose Street
London EC2A 2EW

The Broker

Cenkos Securities plc
6–8 Tokenhouse Yard
London EC2R 7AS

Independent Auditors' Report

Independent auditor's report to the members of CT UK Capital and Income Investment Trust PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CT UK Capital and Income Investment Trust PLC (the **'Company'**) for the year ended 30 September 2022 which comprise of the Income Statement, the Statement of Changes in Equity, the Balance sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were initially appointed as the Company's auditor on 11 February 2020 and subsequently reappointed on 10 March 2022 to audit the financial statements for the year ended 30 September 2022. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ended 30 September 2020 to 30 September 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the ongoing geo-political unrest by reviewing the liquidity of the investment portfolio;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments;
- Reviewing the loan agreements and covenant calculations and assessing the likelihood of covenants being breached based on the Directors' forecasts and stress testing; and
- Reviewing the Shareholders' survey results and Directors' assessment on the survey results to assess the likelihood of the passing of the upcoming continuation vote on 9 March 2023.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2022	2021
Key audit matters	Valuation and ownership of quoted investments	✓	✓
	Revenue recognition	✓	✓
Materiality	**Overall materiality** £2.9m (2021:£3.5m) based on 1% (2021: 1%) of NAV	**Specific materiality** £0.64m based on 5% (2021: 5%) of net revenue returns attributable to equity Shareholders before tax (2021: £0.57m). We applied specific materiality to the items impacting the revenue returns to the Shareholders.	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership quoted of investments **(Page 54 and note 10)**	The investment portfolio at the year end comprised of quoted investments which are carried at fair value through profit or loss. The investment portfolio is the most significant balance in the financial statements and is the key driver of performance. As the Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations. Further, there is a risk that the Company does not legally own the investments at the year end. For these reasons and given the investment is the significant balance and would require significant audit time. Therefore, we consider the valuation and ownership of investment as the key audit matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures: · Confirmed the year-end bid price was used by agreeing to externally quoted prices; · Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; · Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; · Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.
Revenue recognition **(Page 54 and note 3)**	Dividend income arises from the investment portfolio and is a key factor in demonstrating the performance of the portfolio. Revenue recognition is considered a significant audit risk as it is the key driver of dividend returns to investors and judgement is required in determining the allocation of income to revenue or capital.	We performed the following procedures: · We derived our own expectation of total expected income based on the investment holding and records of distributions from independent sources. · We cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as revenue or capital. · We analysed the population of dividend receipts to identify any unusual items that could indicate a capital distribution, for example where a dividend represented a particularly high yield and investigated the underlying basis of those distributions. · We traced a sample of dividend income received through from the nominal ledger to bank. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the recognition of the revenue was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements	2022 £m	2021 £m
Materiality	2.9	3.5
Basis for determining materiality	1% of NAV	1% of NAV
Rationale for the Benchmark applied	As an investment trust, the NAV is the key measure of performance for users of the financial statements.	As an investment trust, the NAV is the key measure of performance for users of the financial statements.
Performance materiality	2.2	2.6
Basis for determining performance materiality	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	Performance materiality was set at 75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Specific Materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £0.64m (2021: £0.57m) based on 5% (2021: 5%) of net revenue returns attributable to equity Shareholders before tax. We used lower percentage for the calculation of the specific materiality this year to better focus our work on items that we considered to be of most importance to the users of the financial statements. We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £0.06m (2021: £0.07m). We also set a separate reporting threshold of £0.03m for the testing of transactions and balances that impact on the revenue return. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	· The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and · The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	· Directors' statement on fair, balanced and understandable; · Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; · The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems ; and · The section describing the work of the Audit and Risk Committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: · the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and · the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: · adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or · the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or · certain disclosures of Directors' remuneration specified by law are not made; or · we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed overleaf:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an investment trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of Board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to investment trust compliance to check that the Company was meeting its requirements to retain its investment trust status.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas in revenue recognition and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key audit matters section above;
- Obtaining independent evidence to support the ownership of all of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
30 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 September

Revenue notes	Capital notes		2022 Revenue £'000s	2022 Capital £'000s	2022 Total £'000s	2021 Revenue £'000s	2021 Capital £'000s	2021 Total £'000s
	10	(Losses)/gains on investments	**–**	**(57,259)**	**(57,259)**	–	89,657	89,657
		Foreign exchange (losses)/gains	**(1)**	**–**	**(1)**	(4)	13	9
3	17	Income	**14,495**	**–**	**14,495**	12,697	58	12,755
4	4	Management fee	**(714)**	**(714)**	**(1,428)**	(721)	(721)	(1,442)
5	5	Other expenses	**(680)**	**(1)**	**(681)**	(535)	(2)	(537)
		Net return before finance costs and taxation	**13,100**	**(57,974)**	**(44,874)**	11,437	89,005	100,442
6	6	Finance costs	**(192)**	**(192)**	**(384)**	(114)	(114)	(228)
		Net return before taxation	**12,908**	**(58,166)**	**(45,258)**	11,323	88,891	100,214
7	7	Taxation	**(18)**	**–**	**(18)**	(13)	–	(13)
17	17	**Net return attributable to Shareholders**	**12,890**	**(58,166)**	**(45,276)**	11,310	88,891	100,201
8	8	**Return per share – basic and diluted**	**12.03p**	**(54.29p)**	**(42.26p)**	10.56p	82.95p	93.51p

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the AIC.

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

A statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The notes on pages 67 to 83 form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 September 2022

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total Shareholders' funds £'000s
	Balance at 30 September 2021	**26,822**	**141,374**	**4,146**	**4,432**	**168,366**	**10,735**	**355,875**
	Movements during the year ended 30 September 2022:							
9	Dividends paid	**–**	**–**	**–**	**–**	**–**	**(12,532)**	**(12,532)**
16	Ordinary shares issued from treasury	**–**	**21**	**–**	**568**	**–**	**–**	**589**
16	Ordinary shares bought back and held in treasury	**–**	**–**	**–**	**(2,358)**	**–**	**–**	**(2,358)**
16	Costs relating to broker	**–**	**(15)**	**–**	**–**	**–**	**–**	**(15)**
	Net return attributable to Shareholders	**–**	**–**	**–**	**–**	**(58,166)**	**12,890**	**(45,276)**
	Balance at 30 September 2022	**26,822**	**141,380**	**4,146**	**2,642**	**110,200**	**11,093**	**296,283**

for the year ended 30 September 2021

Notes		Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserve £'000s	Revenue reserve £'000s	Total Shareholders' funds £'000s
	Balance at 30 September 2020	26,677	139,814	4,146	4,434	79,475	11,849	266,395
	Movements during the year ended 30 September 2021:							
9	Dividends paid	–	–	–	–	–	(12,424)	(12,424)
15,16	Ordinary shares issued	145	1,549	–	–	–	–	1,694
16	Ordinary shares issued from treasury	–	29	–	443	–	–	472
16	Ordinary shares bought back and held in treasury	–	–	–	(445)	–	–	(445)
16	Costs relating to broker	–	(18)	–	–	–	–	(18)
	Net return attributable to Shareholders	–	–	–	–	88,891	11,310	100,201
	Balance at 30 September 2021	26,822	141,374	4,146	4,432	168,366	10,735	355,875

The notes on pages 67 to 83 form an integral part of the financial statements.

Balance Sheet

at 30 September

Notes		2022 £'000s	2021 £'000s
	Fixed assets		
10	Investments	**318,796**	378,420
	Current assets		
11	Debtors	**5,106**	1,087
14	Cash and cash equivalents	**906**	1,813
	Total current assets	**6,012**	2,900
	Current liabilities		
12	Creditors: amounts falling due within one year	**(4,525)**	(445)
13,14	Bank loan	**(24,000)**	(25,000)
	Total current liabilities	**(28,525)**	(25,445)
	Net current liabilities	**(22,513)**	(22,545)
	Total assets less current liabilities	**296,283**	355,875
	Capital and reserves		
15	Share capital	**26,822**	26,822
16	Share premium account	**141,380**	141,374
16	Capital redemption reserve	**4,146**	4,146
16	Special reserve	**2,642**	4,432
17	Capital reserve	**110,200**	168,366
17	Revenue reserve	**11,093**	10,735
	Total Shareholders' funds	**296,283**	355,875
18	**Net Asset Value per ordinary share – pence**	**277.66**	331.70

The notes on pages 67 to 83 form an integral part of the financial statements.

The financial statements were approved by the Board on 30 November 2022 and signed on its behalf by

Jonathan Cartwright, Chair

Statement of Cash Flows

for the year ended 30 September

Notes		2022 £'000s	2021 £'000s
19	**Cash flows from operating activities before dividends received and interest**	**(2,241)**	(2,038)
	Dividends received	**14,133**	12,279
	Interest received	**9**	15
	Interest paid	**(376)**	(227)
	Cash flows from operating activities	**11,525**	10,029
	Investing activities		
	Purchase of investments	**(22,303)**	(42,713)
	Sale of investments	**25,189**	39,028
	Other capital charges	**(1)**	(2)
	Cash flows from investing activities	**2,885**	(3,687)
	Cash flows before financing activities	**14,410**	6,342
	Financing activities		
9	Equity dividends paid	**(12,532)**	(12,424)
15,16	Net proceeds from issuance of new shares	**–**	1,694
16	Net proceeds from issuance of shares held in treasury	**589**	472
16	Broker costs associated with share issues and buybacks	**(15)**	(18)
16	Costs of shares bought back and held in treasury	**(2,358)**	(445)
13,14	(Repayment)/drawdown of bank loan	**(1,000)**	5,000
	Cash flows from financing activities	**(15,316)**	(5,721)
14	Net movement in cash and cash equivalents	**(906)**	621
14	Cash and cash equivalents at the beginning of the year	**1,813**	1,183
14	Effect of movement in foreign exchange	**(1)**	9
14	**Cash and cash equivalents at the end of the year**	**906**	1,813
	Represented by:		
	Cash at bank	**36**	3
	Short-term deposits	**870**	1,810
		906	1,813

The notes on pages 67 to 83 form an integral part of the financial statements.

Notes to the Accounts

1. General information

CT UK Capital and Income Investment Trust PLC is an investment company incorporated in England (UK) with a premium listing on the London Stock Exchange. The Company registration number is 02732011 and the registered office is Exchange House, Primrose Street, London, EC2A 2NY, England.

The Company has conducted its affairs so as to qualify as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments.

The accounting policies have been applied consistently throughout the year ended 30 September 2022 with no significant changes, as set out in note 2 below.

2. Significant accounting policies

(a) Going concern

As referred to in the Chairman's Statement on page 7 and the Directors' Report on page 44, resolution 15 proposing the continuation of the Company will be put to the Shareholders at the forthcoming Annual General Meeting on Thursday 9 March 2023. The Directors are recommending that Shareholders vote "for" this resolution. After making enquiries, and with regard to the nature of the Company's shareholder base and business, the Directors have a reasonable expectation that Shareholders will support this resolution.

Accordingly, as referred to in the Directors' Report on pages 40 and 41 and note 20 to the accounts, the Directors believe that it is appropriate for the accounts to be prepared on a going concern basis.

(b) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments, and in accordance with the Companies Act 2006, Financial Reporting Standards (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") issued by the Association of Investment Companies.

All of the Company's operations are of a continuing nature. The functional and reporting currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Directors are of the opinion that the Company's activities comprise a single operating segment, which is investing in the UK and Europe in equities to secure long-term growth in income and capital.

In accordance with the SORP, the Income Statement has been analysed between a revenue account (dealing with items of a revenue nature) and a capital account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in note 2(c)). Net revenue returns are allocated via the revenue account to the revenue reserve, out of which four interim dividend payments are made. Capital returns include, but are not limited to, realised and unrealised profits and losses on investments, income identified as being capital in nature, expenses allocated to capital and currency profits and losses on cash and borrowings. Net capital returns are allocated via the capital account to the capital reserve. Dividends paid to Shareholders are shown in the Statement of Changes in Equity.

(c) Principal accounting policies

The policies set out below have been applied consistently throughout the year ended 30 September 2022 and the prior year.

(i) Financial instruments

Financial instruments include fixed asset investments, cash and short-term deposits, debtors and creditors. 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 – The unadjusted quoted price in an active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. The Company held no such securities during the year under review.

Level 3 – External inputs are unobservable for the asset or liability. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included within this category are unquoted investments. The Company held no such securities during the year under review.

(ii) Fixed asset investments and derivative financial instruments

As an investment trust, the Company measures its fixed asset investments at "fair value through profit or loss" and treats all transactions on the realisation and revaluation of investments as transactions on the Capital Account. Purchases and sales are recognised on a trade date basis.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar instruments. Where no reliable fair value can be estimated, investments are carried at cost or, where subsequently revalued, at their previous carrying amount less any provision for impairment.

(iii) Debt Instruments

Loans and overdrafts are recorded initially at proceeds received, less direct issue costs, and subsequently measured at amortised cost using the effective interest method.

Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period. See 2(c)(vi) on page 70 for allocation of finance charges within the Income Statement.

(iv) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the Balance Sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(v) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Dividends are accounted for in accordance with FRS 102 on the basis of income actually receivable. Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital account.

Underwriting commission is recognised when the Company's right to receive payment is established. Deposit interest is accounted for on an accruals basis.

(vi) Expenses, including finance charges

Expenses, inclusive of associated value added tax (VAT), are charged to the revenue account of the Income Statement, except as noted below:

- expenses incidental to the acquisition or disposal of fixed asset investments which are recognised immediately in the capital return of the Income Statement and are thus charged to capital reserve – realised; and
- 50% of management fees and 50% of finance costs are allocated to capital reserve – realised, in accordance with the Board's long-term expected split of returns from the investment portfolio of the Company.
- all expenses are accounted for on an accruals basis.

(vii) Taxation

Deferred tax is provided for in accordance with FRS102 on all timing differences that have been enacted at the Balance Sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(viii) Dividends payable

Dividends are included in the financial statements on the date on which they are declared.

Dividends paid and payable in respect of the year are set out in note 9. The amount estimated to be transferred to revenue reserves is less than the maximum allowed under rules in the Corporation Tax Act 2010. The Board assesses the minimum level of dividend payable in respect of any period in accordance with section 1158 rules, after taking into account the audited annual net revenue available for distribution, and ensures that payments for each period comfortably exceed that minimum level.

(ix) Share capital

Share capital represents the nominal value of ordinary shares in issue.

(x) Share premium account (non-distributable reserve)

The following is accounted for in this reserve:

- proceeds of shares issued, net of the 25p nominal value of the shares and after deducting any associated costs of issuance.

(xi) Capital Redemption Reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve on the trade date.

(xii) Special reserve (distributable reserve)

The following are accounted for in this reserve:

– costs of purchasing share capital for cancellation; and
– costs of purchasing or selling share capital to be held in, or sold out of, treasury.

(xiii) Capital reserves (distributable reserves)

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

– gains and losses on the disposal of fixed asset investments and derivatives;
– settled foreign exchange differences of a capital nature;
– costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company; and
– other capital charges and credits charged or credited to this account in accordance with the above policies.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

– increases and decreases in the valuation of fixed asset investments and derivatives held at the year-end; and
– unsettled foreign exchange valuation differences of a capital nature.

(xiv) Revenue reserve

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to Shareholders as a dividend.

(xv) Use of judgements and estimates

The presentation of the financial statements in accordance with accounting standards require the Board to make judgements, estimates and assumptions that effect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement and estimation in preparation of the financial statements include: accounting for the value of unquoted investments and recognising and classifying unusual or special dividends received as either revenue or capital in nature.

The policy for valuation of unquoted securities is set out in note 2(c)(ii).

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, to determine their allocation in accordance with the SORP to either the Revenue or Capital accounts. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Reserves. Investee company dividends which appear to be paid in excess of current year profits may nevertheless still be considered to be wholly revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature is disclosed in note 17 to the accounts. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies without prior reference to the Company.

3. Income

	2022 £'000s	2021 £'000s
Income from investments:		
UK dividend income	**13,742**	10,877
UK dividend income – special dividends (1)	**114**	1,285
Overseas dividend income	**364**	286
Property income distributions	**266**	234
	14,486	12,682
Other income:		
Interest on cash and cash equivalents	**9**	1
Underwriting Commission (2)	**–**	14
	9	15
Total income	**14,495**	12,697

(1) Special dividends classified as revenue in nature in accordance with note 2(c)(xv).
(2) As at 30 September 2022 there was no outstanding sub-underwriting contracts (2021: none outstanding).

There were no dividends recognised as capital in nature, per judgements & estimates note 2(c)(xv), during the year (2021: £58,000).

4. Management fee

			2022			2021
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Management fee	**714**	**714**	**1,428**	721	721	1,442

The Manager provides investment management and general administrative services to the Company for a quarterly management fee payable in arrears equal to 0.1% of the funds under management. Funds under management represents total assets less current liabilities excluding borrowings and adjusted for the proceeds of recent share issues and buybacks. The management agreement may be terminated upon six months' notice given by either party. The Company may terminate this agreement upon 60 days' written notice to the Manager if there is a change of control of the Manager, provided such notice is served within six months of the said change of control. Management fees have been allocated 50% to capital reserve in accordance with the Company's accounting policy.

5. Other expenses

			2022			2021
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Auditors' remuneration:						
– for audit services(1)	**43**	**–**	**43**	32	–	32
Directors' fees for services to the Company(2)	**153**	**–**	**153**	155	–	155
Directors' and Officers' liability insurance	**10**	**–**	**10**	8	–	8
Loan commitment fee	**11**	**–**	**11**	6	–	6
Marketing(3)	**126**	**–**	**126**	78	–	78
Professional fees	**98**	**–**	**98**	67	–	67
Printing and postage	**75**	**–**	**75**	62	–	62
Registrars' fees	**28**	**–**	**28**	27	–	27
Subscriptions and listing fees	**55**	**–**	**55**	51	–	51
Sundry expenses	**81**	**1**	**82**	49	2	51
Total other expenses	**680**	**1**	**681**	535	2	537

All expenses are stated gross of irrecoverable VAT, where applicable.
(1) Total Auditors' remuneration for 2022 audit services, exclusive of VAT amounts to £35,000 (2021: £27,000).
(2) See the Directors' Remuneration Report on pages 49 to 51.
(3) 2022 marketing figure increase is the result of an under accrual brought forward from the prior year.

6. Finance costs

			2022			2021
	Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Loan interest	**190**	**190**	**380**	113	113	226
Overdraft interest	**2**	**2**	**4**	1	1	2
Total finance cost	**192**	**192**	**384**	114	114	228

Finance costs have been allocated 50% to capital reserve in accordance with the Company's accounting policy.

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

			2022			2021
	Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Overseas taxation	**18**	**–**	**18**	13	–	13
Total taxation charge (see note 7(b))	**18**	**–**	**18**	13	–	13

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%) (2021: same). Factors affecting the taxation charge are set out below.

(b) Factors affecting the current tax charge for the year

			2022			2021
	Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Net return on ordinary activities before taxation	**12,908**	**(58,166)**	**(45,258)**	11,323	88,891	100,214
Return on ordinary activities multiplied by the effective rate of corporation tax of 19% (2020: 19%)	**2,452**	**(11,052)**	**(8,600)**	2,151	16,889	19,040
Effects of:						
Dividends	**(2,752)**	**–**	**(2,752)**	(2,409)	(11)	(2,420)
Excess expenses not utilised in the year	**300**	**172**	**472**	258	159	417
Overseas taxation not relieved	**18**	**–**	**18**	13	–	13
Capital returns	**–**	**10,880**	**10,880**	–	(17,037)	(17,037)
Total taxation (see note 7(a))	**18**	**–**	**18**	13	–	13

The potential deferred tax asset of £6.6 million based on the future 25% Corporation Tax rate in respect of unutilised expenses and unrelieved overseas taxation at 30 September 2022 (2021: £6.5 million) has not been recognised as it is unlikely that these expenses will be utilised.

8. Return per share

			2022			2021
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Net return attributable to equity Shareholders – £'000s	**12,890**	**(58,166)**	**(45,276)**	11,310	88,891	100,201
Return per share – pence	**12.03**	**(54.29)**	**(42.26)**	10.56	82.95	93.51

Both the revenue and capital returns per share are based on a weighted average of 107,131,967 ordinary shares in issue during the year (2021: 107,151,511).

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2022 £'000s	2021 £'000s
Fourth of four interims for the year ended 30 September 2020 of 3.75p per share	04-Dec-20	17-Dec-20	–	4,007
First of four interims for the year ended 30 September 2021 of 2.65p per share	12-Mar-21	31-Mar-21	–	2,837
Second of four interims for the year ended 30 September 2021 of 2.60p per share	11-Jun-21	30-Jun-21	–	2,790
Third of four interims for the year ended 30 September 2021 of 2.60p per share	03-Sep-21	30-Sep-21	–	2,790
Fourth of four interims for the year ended 30 September 2021 of 3.75p per share	03-Dec-21	17-Dec-21	**4,019**	–
First of four interims for the year ended 30 September 2022 of 2.65p per share	11-Mar-22	31-Mar-22	**2,841**	–
Second of four interims for the year ended 30 September 2022 of 2.65p per share	10-Jun-22	30-Jun-22	**2,839**	–
Third of four interims for the year ended 30 September 2022 of 2.65p per share	02-Sep-22	30-Sep-22	**2,833**	–
			12,532	12,424

The Directors have declared a fourth interim dividend in respect of the year ended 30 September 2022 of 3.85 pence per share, payable on 19 December 2022 to all Shareholders on the register at close of business on 9 December 2022. The fourth interim dividend has not been included as a liability in these financial statements. The dividends paid and payable in respect of the financial year ended 30 September 2022, which form the basis of the retention test for section 1159 of the Corporation Tax Act 2010, are set out below:

	2022 £'000s
Net revenue return attributable to Shareholders	**12,890**
First of four interims for the year ended 30 September 2022 of 2.65p per share	**(2,841)**
Second of four interims for the year ended 30 September 2022 of 2.65p per share	**(2,839)**
Third of four interims for the year ended 30 September 2022 of 2.65p per share	**(2,833)**
Fourth of four interims for the year ended 30 September 2022 of 3.85p per share (1)	**(4,108)**
Transferred to revenue reserve	**269**

(1) Based on shares in issue and their entitlement to the dividend at 29 November 2022.

10. Investments

	Level 1[1] £'000s	Level 3 £'000s	2022 Total £'000s	Level 1[1] £'000s	Level 3[2] £'000s	2021 Total £'000s
Cost brought forward	**256,643**	**–**	**256,643**	246,295	–	246,295
Gains/(losses) brought forward	**121,777**	**–**	**121,777**	38,548	–	38,548
Fair value of investments brought forward	**378,420**	**–**	**378,420**	284,843	–	284,843
Transferred to Level 3[2]	**–**	**–**	**–**	(1,432)	1,432	–
Purchases at cost	**26,398**	**–**	**26,398**	42,713	–	42,713
Sales proceeds	**(28,876)**	**–**	**(28,876)**	(38,978)	–	(38,978)
Gains/(losses) on investments sold in year	**5,781**	**–**	**5,781**	7,860	(1,432)	6,428
(Losses)/gains on investments held at year end	**(62,927)**	**–**	**(62,927)**	83,414	–	83,414
Fair value of investments at 30 September	**318,796**	**–**	**318,796**	378,420	–	378,420
Cost at 30 September	**260,060**	**–**	**260,060**	256,643	–	256,643
Gains at 30 September	**58,736**	**–**	**58,736**	121,777	–	121,777
Fair value of investments at 30 September	**318,796**	**–**	**318,796**	378,420	–	378,420

	2022 £'000s	2021 £'000s
Gains on investments sold in year	**5,781**	6,428
(Losses)/gains on investments held at year end	**(62,927)**	83,414
Investment transaction costs	**(113)**	(185)
Total (losses)/gains in year	**(57,259)**	89,657

(1) The hierarchy of investments is described in note 2(c)(i) and below
Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.
Level 3 includes any unquoted investments.

(2) Ahtium PLC was written off as at 30 September 2021 as a result of bankruptcy first announced in 2018.

Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gains or losses was included in the fair value of the investments.

The investment portfolio is set out on page 23.

11. Debtors

	2022 £'000s	2021 £'000s
Accrued income	**1,318**	983
Investments sold awaiting settlement	**3,687**	–
Prepayments	**16**	21
Overseas taxation recoverable	**85**	83
	5,106	1,087

12. Creditors: amounts falling due within one year

	2022 £'000s	2021 £'000s
Management fee	**318**	382
Investments purchased awaiting settlement	**4,095**	–
Loan interest	**9**	1
Accruals	**103**	62
	4,525	445

13. Loans

	2022 £'000s	2021 £'000s
Sterling loans: falling due after more than one year	**24,000**	25,000

On 28 March 2021 the Company entered into a new multicurrency revolving facility agreement of up to £40 million with The Bank of Nova Scotia, London Branch ("Scotiabank"). This was extended on revised terms in March 2022 for a further one year period. The interest rate margin and the commitment fees on non-utilised amounts have been set at commercial rates.
As at 30 September 2022 the Company had drawn down £24 million of the loan facility.

14. Analysis of changes in net debt

	2022 Cash £'000s	2022 Bank loans £'000s	2022 Total £'000s	2021 Cash £'000s	2021 Bank loans £'000s	2021 Total £'000s
Net debt brought forward	**1,813**	**(25,000)**	**(23,187)**	1,183	(20,000)	(18,817)
Cash-flows:						
Repayment/(drawdown) of bank loan	**–**	**1,000**	**1,000**	–	(5,000)	(5,000)
Net movement in cash and cash equivalents	**(906)**	**–**	**(906)**	621	–	621
Non-cash:						
Effect of movement in foreign exchange	**(1)**	**–**	**(1)**	9	–	9
Net debt carried forward	**906**	**(24,000)**	**(23,094)**	1,813	(25,000)	(23,187)

15. Share capital

	Total Listed Number	Total Listed £'000s	Held in Treasury Number	Held in Treasury £'000s	2022 Issued and fully paid Number	2022 Issued and fully paid £'000s	2021 Issued and fully paid Number	2021 Issued and fully paid £'000s
Ordinary shares of 25 pence each								
Balance brought forward	**107,289,022**	**26,822**	**–**	**–**	**107,289,022**	**26,822**	106,709,268	26,677
Ordinary shares issued	**–**	**–**	**–**	**–**			579,754	145
Ordinary shares issued from treasury	**–**	**–**	**(175,000)**	**(44)**	**175,000**	**44**	150,000	38
Ordinary shares bought back & held in treasury	**–**	**–**	**757,819**	**189**	**(757,819)**	**(189)**	(150,000)	(38)
Balance at 30 September	**107,289,022**	**26,822**	**582,819**	**145**	**106,706,203**	**26,677**	107,289,022	26,822

During the year ended 30 September 2022, no new ordinary shares of 25p each in nominal value were issued (2021: 579,754 shares with a total consideration of £1,694,000). 757,819 ordinary shares (2021: 150,000) were bought back and held in treasury, of which 175,000 ordinary shares were subsequently reissued for a premium of £21,000 (2021: 150,000 shares for a premium of £29,000).

From 30 September 2022 until 29 November 2022, the last practicable date prior to publication, no further share buybacks or issuance has occurred.

16. Reserves

	Share Premium account £'000s	Capital Redemption Reserve £'000s	Special Reserve £'000s
Balance brought forward as at 1 October 2021	**141,374**	**4,146**	**4,432**
Ordinary shares issued from treasury	**–**	**–**	**568**
Ordinary shares bought back and cancelled or held in treasury (net of costs)	**–**	**–**	**(2,346)**
Stamp duty	**–**	**–**	**(12)**
Premium on issue of shares from treasury	**21**	**–**	**–**
Broker costs associated with the issue of new shares	**(15)**	**–**	**–**
Balance carried forward as at 30 September 2022	**141,380**	**4,146**	**2,642**
Balance brought forward as at 1 October 2020	139,814	4,146	4,434
Ordinary shares issued from treasury	–	–	443
Ordinary shares bought back and cancelled or held in treasury (net of costs)	–	–	(443)
Stamp duty	–	–	(2)
Premium on issue of shares	1,549	–	–
Premium on issue of shares from treasury	29	–	–
Broker costs associated with the issue of new shares	(18)	–	–
Balance carried forward as at 30 September 2021	**141,374**	**4,146**	**4,432**

17. Other reserves

	Capital reserve – realised £'000s	Capital reserve – unrealised £'000s	Capital reserve – total £'000s	Revenue reserve £'000s
Movements during the year ended 30 September 2022:				
Gains on investments sold in year	**5,781**	**–**	**5,781**	**–**
Losses on investments held at year end	**–**	**(62,927)**	**(62,927)**	**–**
Transaction costs	**–**	**(113)**	**(113)**	**–**
Management fee (see note 4)	**(714)**	**–**	**(714)**	**–**
Finance costs (see note 6)	**(192)**	**–**	**(192)**	**–**
Other capital charges	**(1)**	**–**	**(1)**	**–**
Revenue return	**–**	**–**	**–**	**12,890**
Return attributable to Shareholders	**4,874**	**(63,040)**	**(58,166)**	**12,890**
Dividends paid in year (see note 9)	**–**	**–**	**–**	**(12,532)**
Balance at 30 September 2021	**46,589**	**121,777**	**168,366**	**10,735**
Balance at 30 September 2022	**51,463**	**58,737**	**110,200**	**11,093**

Included within the capital reserve movement for the year are £97,000 of transaction costs including stamp duty on purchases of investments (2021: £164,000) and £16,000 of transaction costs on sales of investments (2021: £21,000).

There were no dividends recognised as capital during the year (2021: £58,000).

18. Net Asset Value per ordinary share

	2022	2021
Net asset value per share – pence	**277.66**	331.70
Net assets attributable at the year end – (£'000s)	**296,283**	355,875
Number of ordinary shares in issue at the year end	**106,706,203**	107,289,022

19. Reconciliation of total return before taxation to net cash flows from operating activities

	2022 £'000s	2021 £'000s
Net return on ordinary activities before taxation	**(45,258)**	100,214
Adjustments for non-cash flow items, dividend income and interest expense:		
Losses/(gains) on investments (note 10)	**57,146**	(89,842)
Foreign exchange movements	**1**	(9)
Non-operating expenses of a capital nature (note 5)	**1**	2
Dividend income receivable (note 3)	**(14,486)**	(12,682)
Interest receivable	**(9)**	(15)
Interest payable (note 6)	**384**	228
Decrease/(increase) in other debtors	**3**	(16)
(Decrease)/increase in other creditors	**(23)**	82
	43,017	(102,252)
Cash outflows from operating activities before dividends received and interest paid	**(2,241)**	(2,038)

20. Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, strategy and policy, the current cash position of the Company, the availability of the loan facility and compliance with its covenants and the operational resilience of the Company and its service providers.
At present the global economy is suffering considerable disruption due to the effects of the COVID-19 pandemic, inflationary concerns and the war in Ukraine and the Directors have given serious consideration to the consequences for this Company. The Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached. The primary risk is that there is a very substantial decrease in the Net Asset Value of the Company in the short to medium-term. The Directors have considered the remedial measures that are open to the Company if such a covenant breach appears possible. As at 29 November 2022, the last practicable date before publication of this report, borrowings amounted to £24 million. This is in comparison to a Net Asset Value of £324 million. In accordance with its investment policy the Company is invested mainly in readily realisable, FTSE All-Share listed securities. These can be realised, if necessary, to repay the loan facility and fund future dividend payments.

The Company operates within a robust regulatory environment. The Company retains title to all assets held by the Custodian. Cash is held with banks approved and regularly reviewed by the Manager and the Board.

As referred to in the Chairman's Statement on page 7 and the Directors' Report on page 44, resolution 15 proposing the continuation of the Company will be put to Shareholders at the forthcoming Annual General Meeting on Thursday 9 March 2023. The Directors are recommending that Shareholders vote "for" this resolution. After making enquiries, and with regard to the nature of the Company's shareholder base and business, the Directors have a reasonable expectation that Shareholders will support this resolution.

Accordingly, based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

21. Financial Risk Management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom ("UK") as an investment trust under the provisions of section 1158 of the Corporation Tax Act. In so qualifying, the Company is exempted in the UK from Corporation Tax on capital gains on its portfolio of investments.

The Company's investment objective is to secure long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies. The Company can also have exposure to overseas companies, with the value of the non-UK portfolio not exceeding 10% of the Company's gross assets. In pursuing this objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board, together with the Manager, is responsible for the Company's risk management, as set out in detail in the Strategic Report and Directors' Report. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) on the following pages.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 to the accounts. The policies are in compliance with UK accounting standards and best practice. The Company does not make use of hedge accounting rules.

Sensitivity analysis tables presented in the following sections relating to currency, interest and market exposures have been calculated on the level of change considered to be a reasonable illustration based on observation of current market and economic conditions.

(a) Market risks

The fair value of equity and other financial securities including derivatives held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

As up to 10% of the Company's gross assets can be invested in non-UK assets, other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. The Company does not normally hold significant cash balances. Whilst it is not the Board's general policy to borrow in currencies other than sterling and euros, any such borrowings would be limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in foreign exchange rates.

Gearing may be short or long-term in foreign currencies and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

Income earned in foreign currencies is converted to sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency Exposure

The principal foreign currencies to which the Company was exposed during the year were the euro and US dollar. As stated above, the exposure to investments listed in currencies other than sterling cannot exceed 10% of the Company's gross assets.

The exchange rates for the euro and US dollar applying against sterling at 30 September and the average rates during the year ended 30 September were as follows:

		2022		2021
	At 30 September	**Average for the year**	At 30 September	Average for the year
Euro	**1.140**	**1.180**	1.163	1.145
US dollar	**1.117**	**1.280**	1.348	1.369

The following calculations demonstrate the approximate effect of a weakening or strengthening of sterling against other currencies and are based on the following:

- applicable balance sheet date exchange rates;
- for capital returns the financial assets and liabilities held at the year-end date, including investments, cash, debtors and creditors;
- for revenue returns the current year income received in currencies other than sterling as a best estimate of future receipts; and
- for both capital and revenue, the management fee adjusted for changes in the funds under management as a result of changes in investment values when applying different exchange rates.

A 10% change in the sterling exchange rate would have the following approximate effect on returns attributable to Shareholders and on the NAV per share:

Weakening of sterling by 10% against other currencies

Local currency	Return	Local currency	Sterling equivalent £'000s	10% weakened sterling fx rate	Adjusted income, assets and liabilities (£'000s)	2022 Net return attributable to Shareholders (£'000s)	2021 Net return attributable to Shareholders (£'000s)
Euro	Revenue	833	731	1.0256	812	81	61
Euro	Capital	4,539	3,983	1.0256	4,426	443	778
US Dollar	Revenue	233	209	1.0053	232	23	12
US Dollar	Capital	5,693	5,096	1.0053	5,663	567	604
Net Total Return attributable to Shareholders						1,114	1,455
Shares in issue						106,706,203	107,289,022
NAV per share - pence						1.04	1.36

Strengthening of sterling by 10% against other currencies

Local currency	Return	Local currency	Sterling equivalent £'000s	10% strengthened sterling fx rate	Adjusted income, assets and liabilities (£'000s)	2022 Net return attributable to Shareholders (£'000s)	2021 Net return attributable to Shareholders (£'000s)
Euro	Revenue	833	731	1.2535	665	(66)	(49)
Euro	Capital	4,539	3,983	1.2535	3,621	(362)	(637)
US Dollar	Revenue	233	209	1.2287	190	(19)	(9)
US Dollar	Capital	5,693	5,096	1.2287	4,633	(463)	(494)
Net Total Return attributable to Shareholders						(910)	(1,189)
Shares in issue						106,706,203	107,289,022
NAV per share - pence						(0.85)	(1.11)

These effects are representative of the exposure to currencies other than sterling by the Company as at 30 September 2022 although the level of exposure will fluctuate in accordance with the investment and risk management process.

21. Financial Risk Management (continued)

The fair values of the Company's assets and liabilities at 30 September by currency are shown below:

2022	Short-term debtors £'000s	Cash and cash equivalents £'000s	Short-term creditors – other £'000s	Short-term creditors – loans £'000s	Net monetary (liabilities)/assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	**5,021**	**906**	**(4,525)**	**(24,000)**	**(22,598)**	**309,802**	**287,204**
Other	**85**	**–**	**–**	**–**	**85**	**8,994**	**9,079**
Total	**5,106**	**906**	**(4,525)**	**(24,000)**	**(22,513)**	**318,796**	**296,283**

2021	Short-term debtors £'000s	Cash and cash equivalents £'000s	Short-term creditors – other £'000s	Short-term creditors – loans £'000s	Net monetary (liabilities)/assets £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,004	1,813	(445)	(25,000)	(22,628)	366,063	343,435
Other	83	–	–	–	83	12,357	12,440
Total	1,087	1,813	(445)	(25,000)	(22,545)	378,420	355,875

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate movements at 30 September was:

	Within one year £'000s	More than one year £'000s	2022 Total £'000s	Within one year £'000s	More than one year £'000s	2021 Total £'000s
Exposure to floating rates:						
Cash and cash equivalents	**906**	**–**	**906**	1,813	–	1,813
Loans	**(24,000)**	**–**	**(24,000)**	(25,000)	–	(25,000)
Net exposure	**(23,094)**	**–**	**(23,094)**	(23,187)	–	(23,187)

The Company had no exposure to fixed interest rates at the year end.

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings.

Based on the financial assets and liabilities held that are affected by changes in interest rates, such as cash and bank loans, and the interest rates ruling at each balance sheet date, an increase or decrease in interest rates of 2% (2021 figures have been restated at 2% for comparison purposes, previously 1%) would have the following approximate effects on the Income Statement revenue and capital returns after tax and on the NAV per share:

	Increase in rate £'000s	2022 Decrease in rate £'000s	Increase in rate £'000s	2021 Decrease in rate £'000s
Revenue return	**(222)**	**222**	(214)	214
Capital return	**(240)**	**240**	(250)	250
Total return	**(462)**	**462**	(464)	464
NAV per share – pence	**(0.43)**	**0.43**	(0.43)	0.43

Other market risk exposures

The portfolio of investments, valued at £318,796,000 at 30 September 2022 (2021: £378,420,000) is exposed to market price changes. The Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out in the investment portfolio by sector and list of investments on pages 20 to 23.

Based on the portfolio of investments held at each Balance Sheet date, and assuming other factors, including the management charge, remain constant, an increase or decrease in the fair value of the portfolio in sterling terms by 20% would have had the following approximate effects on the net capital return attributable to Shareholders and on the NAV per share:

	2022 Increase in value £'000s	**2022** Decrease in value £'000s	2021 Increase in value £'000s	2021 Decrease in value £'000s
Capital return	**63,759**	**(63,759)**	75,684	(75,684)
NAV per share – pence	**59.75**	**(59.75)**	70.54	(70.54)

(b) Liquidity risk

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Company's portfolio (100% at 30 September 2022 and 100% at 30 September 2021); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see pages 20 to 23); and the existence of an ongoing loan and overdraft facility agreement. Cash balances are held with approved banks, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The Company has a £40 million unsecured revolving floating rate credit facility available until March 2023.

As at 30 September 2022 the Company had drawn down £24 million of the loan facility and bank overdrafts of £nil.

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:

2022	**Three months or less £'000s**	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**
Current liabilities – others	**4,525**	**–**	**–**	**4,525**
Loans	**24,000**	**–**	**–**	**24,000**
	28,525	**–**	**–**	**28,525**

2021	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Current liabilities – others	445	–	–	445
Loans	25,000	–	–	25,000
	25,445	–	–	25,445

21. Financial Risk Management (continued)

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. Such transactions must be settled on the basis of delivery against payment (except where local market conditions do not permit).

Responsibility for the approval, limit setting and monitoring of counterparties is delegated to the Manager. Counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with approved banks.

The Company has an ongoing contract with its custodian for the provision of custody services. The contract is reviewed periodically. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Company's Depositary, JP Morgan Europe Limited, has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk through regular meetings with the management of Columbia Threadneedle Investments (including the Fund Manager) and with Columbia Threadneedle Investments' Risk Management function. In reaching its conclusions, the Board also reviews the Manager's parent group's annual audit and assurance faculty report.

None of the Company's financial liabilities are past their due date or impaired.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan and overdraft facilities do not have a value materially different from their capital repayment amount.

(e) Capital risk management

The objective of the Company is stated as being to secure long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the Shareholders in general meeting; borrow monies in the short and long-term; and pay dividends to Shareholders out of current year revenue earnings as well as out of brought forward revenue reserves.

Changes to ordinary share capital are set out in note 15, dividend payments in note 9 and details of loans in note 13.

22. Transactions with related parties and Manager

The following are considered related parties: the Board, including their spouses and dependents, and the Manager (Columbia Threadneedle Investment Business Limited).

There are no transactions with the Board other than: aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 50 and as set out in note 5; and the beneficial interests of the Directors in the ordinary shares of the Company as disclosed on page 50. There are no outstanding balances with the Board at the year end. Transactions between the Company and the Manager are detailed in note 4 on management fees and the outstanding balance is detailed in note 12.

23. AIFMD

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Columbia Threadneedle 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 Columbia Threadneedle Investments on request.

The Company's maximum and average actual leverage levels at 30 September 2022 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	108%	108%

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.

24. Securities financing transactions ("SFR")

The Company has not, in the year to 30 September 2022 (2021: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

Ten Year Record (Unaudited)

All Company data are based on assets, liabilities, earnings and expenses as reported in accordance with the Company's accounting policies and is unaudited but derived from the audited Accounts or specified third party data providers.

Assets
at 30 September

£'000s	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Total assets (before debt)	203,079	244,708	251,387	256,876	297,027	332,463	347,472	348,149	286,395	380,875	**320,283**
Loans	7,967	20,000	20,000	20,000	25,000	20,000	20,000	10,000	20,000	25,000	**24,000**
Net assets	195,112	224,708	231,387	236,876	272,027	312,463	327,472	338,149	266,395	355,875	**296,283**

Net Asset Value (NAV)
at 30 September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
NAV per share – pence	222.0	251.4	251.8	250.5	281.1	317.1	324.0	329.0	249.7	331.7	**277.7**

Total Returns(1)
(rebased to 100 at 30 September 2012)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
NAV per share	100.0	117.7	122.3	126.6	147.7	172.6	182.2	191.9	151.6	208.8	**181.5**
Middle market price per share	100.0	116.4	123.4	127.2	148.3	171.7	180.7	186.4	148.5	201.2	**180.1**
FTSE All-Share Index	100.0	118.9	126.2	123.3	144.0	161.2	170.7	175.3	146.2	186.9	**179.5**

Returns excluding dividends(1)
(rebased to 100 at 30 September 2012)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
NAV per share	100.0	113.2	113.4	112.8	126.6	142.8	145.9	148.2	112.5	149.4	**125.1**
Middle market price per share	100.0	112.0	114.4	113.5	127.3	142.4	145.0	144.1	110.4	144.1	**124.2**
FTSE All-Share Index	100.0	114.8	117.8	111.2	125.2	135.0	137.6	135.4	109.4	135.4	**125.5**

(1) See Alternative Performance Measures on pages 91 and 92 for explanation.

Share Price
at 30 September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Middle market price per share – pence	225.5	252.5	258.0	256.0	287.0	321.0	327.0	325.0	249.0	325.0	**280.0**
Premium/(discount)to NAV – %	1.6	0.4	2.5	2.2	2.1	1.2	0.9	(1.2)	(0.3)	(2.0)	**0.8**
Share price high – pence	227.0	269.0	271.8	277.0	289.8	327.5	350.0	337.0	358.0	339.0	**343.5**
Share price low – pence	195.0	222.8	248.0	233.8	234.8	274.0	309.5	276.5	193.8	237.5	**273.0**

Revenue
for the year ended 30 September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Available for ordinary shares (£'000s)	8,715	9,941	9,575	9,475	10,785	11,459	11,710	13,426	8,758	11,310	**12,890**
Return per share – pence	10.01	11.26	10.56	10.10	11.26	11.71	11.70	13.12	8.34	10.56	**12.03**
Dividends per share – pence	9.00	9.45	9.85	10.10	10.30	10.65	10.95	11.40	11.50	11.60	**11.80**

Revenue Performance
(rebased to 100 at 30 September 2012)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Return per share	100.0	112.5	105.5	100.9	112.5	117.0	116.9	131.1	83.3	105.5	**120.2**
Dividends per share	100.0	105.0	109.4	112.2	114.4	118.3	121.7	126.7	127.8	128.9	**131.1**
CPI	100.0	102.7	103.9	103.8	104.8	107.9	110.5	112.4	113.0	116.5	**128.3**

Cost of running the Company (Ongoing charges)(1)
for the year ended 30 September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Expressed as a percentage of average net assets:											
Ongoing charges	0.80	0.62	0.66	0.64	0.64	0.59	0.58	0.58	0.58	0.59	**0.59**

Gearing(1)
at 30 September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Net gearing %	1.22	3.81	4.43	10.32	9.32	4.81	4.51	1.71	7.06	6.52	**7.79**

(1) See Alternative Performance Measures pages 91 and 92 for explanation

Analysis of Ordinary Shareholders (Unaudited)

Category	**Holding % at 30 September 2022**	Holding % at 30 September 2021
CT Savings Plans	**79.5**	79.5
Retail Investors (excluding those investing through CT Savings Plans)	**9.6**	9.4
Institutions	**6.1**	6.2
Intermediaries	**4.8**	4.9
	100.0	100.0

Source: Columbia Threadneedle Investments

Notice of Annual General Meeting

Notice is hereby given that the thirtieth Annual General Meeting of the Company will be held at Exchange House, Primrose Street, London EC2A 2NY on Thursday 9 March 2023 at 11.30am for the following purposes:

Ordinary Resolutions:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Directors' Report and Accounts for the year ended 30 September 2022 together with the Independent Auditors' report thereon.
2. To approve the Company's dividend policy with regard to quarterly payments as set out on page 40 of the Report and Accounts 2022.
3. To approve the Directors' Remuneration Policy.
4. To approve the Directors' Remuneration Report for the year ended 30 September 2022.
5. To re-elect Jonathan Cartwright as a Director.
6. To re-elect Jane Lewis as a Director.
7. To re-elect Nicky McCabe as a Director.
8. To re-elect Tim Scholefield as a Director.
9. To elect Patrick Firth as a Director.
10. To re-appoint BDO LLP as auditors to the Company.
11. To authorise the Audit and Risk Committee to determine the remuneration of the auditors.
12. THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors 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 convert any security into, shares in the Company (**"Rights"**) up to an aggregate nominal value of £2,667,655 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2024 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the **"relevant period"**); save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require shares in the Company to be allotted or Rights to be granted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot shares in the Company or grant Rights in pursuance of such offers or agreements as if such authority had not expired.

Special Resolutions:

To consider and, if thought fit, pass the following resolutions as special resolutions:

13. THAT, subject to the passing of Resolution 12 and in substitution for any existing power, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the **"Act"**), to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority given by the said Resolution 12 above for cash, and/or to sell equity securities which are held by the Company in treasury, during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2024 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the **"relevant period"**) up to an aggregate nominal amount of £2,667,655, in each case as if Section 561(1) of the Act did not apply to any such allotment or sale; save that the Company may at any time prior to the expiry of this power make offers or enter into agreements which would or might require equity securities to be allotted or sold after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements as if such power had not expired. This power applies in relation to the sale of treasury shares as if in the opening sentence of this resolution the words "subject to the passing of Resolution 12 and" were omitted.
14. THAT 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 ordinary shares of 25 pence each in the capital of the Company (**"ordinary shares"**) on such terms and in such manner as the Directors may from time to time determine (either for retention as treasury shares for future reissue, resale or transfer or cancellation), provided that:
    (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 15,995,259;
    (b) the minimum price which may be paid for an ordinary share shall be 25 pence;
    (c) the maximum price which may be paid for an ordinary share shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) over the five business days immediately preceding the date on which the ordinary share is contracted to be purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange;

(d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;

(e) the authority hereby conferred shall expire on the earlier of the dates which is 15 months after the passing of this resolution and the conclusion of the Annual General Meeting of the Company in 2024, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution save that the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiry of such authority.

Special Business

To consider and, if thought fit, pass the following resolution as an ordinary resolution

15. THAT the continuation of the Company be approved.

By Order of the Board
Columbia Threadneedle Investment Business Limited,
Secretary
30 November 2022

Registered office:
Exchange House
Primrose Street
London EC2A 2NY
Registered number: 02732011

Notes:

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. Any person holding 3% or more of the voting rights in the Company who appoints a person other than the Chair as his proxy will need to ensure that both he/she and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
3. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Computershare Investor Services PLC on 0370 889 4094. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, not less than 48 hours before the time of the holding of the meeting or any adjourned meeting. Amended instructions must also be received by the Company's Registrar by the deadline for receipt of Forms of Proxy.
4. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website www.eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you want to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0370 889 4094.
5. Investors holding shares in the Company through the CT Investment Trust ISA, Junior ISA, Child Trust Fund, General Investment Account and/or Junior Investment Account should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 11.30am on 2 March 2023. Alternatively, voting directions can be submitted electronically at www.eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of direction. Voting directions must be submitted electronically no later than 11.30am on 2 March 2023.
6. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person") should note that the provisions in notes 1, 2 and 3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
7. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at close of business on 7 March 2023 (the "Specified Time") (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.30am on 7 March 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. 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.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain

the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 3 and 4. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer'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.

11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).
12. 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 (as amended).
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.
14. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (a) the audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or
    (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual Accounts and Reports were laid in accordance with section 437 of the Act.
15. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
16. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:
    (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information; or
    (b) if the answer has already been given on a website in the form of an answer to a question; or
    (c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
17. As at 29 November 2022, being the latest practicable date before the publication of this notice, the Company's issued capital consisted of 107,289,022 ordinary shares of 25p each including 582,819 shares held in treasury. Therefore, the total voting rights in the Company as at 29 November 2022 were 106,706,203.
18. This notice, together with the information required by Section 311A of the Act, will be available at ctukcapitalandincome.com.
19. Copies of the letters of appointment between the Company and its Directors; a copy of the Articles of Association of the Company; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.
20. No Director has a service agreement with the Company.
21. Under section 338 of the Act, a member or members meeting the qualification criteria set out at note 23 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.
22. Under Section 338A of the Act, a member or members meeting the qualification criteria set out at note 23 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.
23. 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 21); or (ii) a matter of business to be dealt with at the meeting (see note 22), 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.

Information for Shareholders

Net Asset Value and share price
The Company's NAV, or Net Asset Value, per share is released daily to the London Stock Exchange on the working day following the calculation date. The current share price of CT UK Capital and Income Investment Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers, under "CT UK Capital and Income" and on the London Stock Exchange website.

Performance information
Information on the Company's performance is provided in the half-yearly and final reports which are sent to Shareholders in June and December respectively. More up-to-date performance information is available on the Internet at ctukcapitalandincome.com. This website also provides a monthly update on the Company's geographic spread and largest holdings, along with comments from the Fund Manager.

AIC
The Company is a member of the AIC, which publishes a monthly statistical information service in respect of member companies. The publication also has details of ISA and other investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website: theaic.co.uk

Electronic communications
Computershare provides a service to enable Shareholders to receive Shareholder correspondence electronically (including annual and half yearly financial reports) if they wish. If a Shareholder opts to receive documents in this way, paper documents will only be available on request. Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the Company's website where the documents can be viewed or printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at investorcentre.co.uk (you will need your Shareholder reference number which can be found on your share certificate or dividend confirmation).

Share dealing
Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

Common reporting standards
Tax legislation requires investment fund companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment trusts. All new Shareholders, excluding those whose shares are held in CREST, who are entered onto the share register are sent a certification form for the purpose of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders gov.uk/government/publications/exchange-of-information-account-holders.

Registered in England and Wales with Company Registration No 02732011.

How to Invest

One of the most convenient ways to invest in CT UK Capital and Income Investment Trust PLC is through one of the savings plans run by Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)
You can use your ISA allowance to make an annual tax efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*
A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)
For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT Child Trust Fund (CTF)*
If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT 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 £100 lump sum or £25 a month.

CT 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 £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

*The CTF and JISA accounts are opened by parents 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/LISA: £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
£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.
Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).
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 & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest into, these can be found at ctinvest.co.uk/documents.

How to Invest
To open a new Columbia Threadneedle Investments plan, apply online at **ctinvest.co.uk** Online applications are not available if you are transferring an existing plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers:
Call: **0800 136 420**** (8:30am – 5:30pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing Plan Holders:
Call: **0345 600 3030**** (9:00am – 5:00pm, weekdays)
Email: **investor.enquiries@columbiathreadneedle.com**
By post: Columbia Threadneedle 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, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

To find out more, visit **ctinvest.co.uk**

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

COLUMBIA THREADNEEDLE INVESTMENTS

Alternative Performance Measures

The Company uses the following Alternative Performance Measures (**"APMs"**). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. No new APMs have been identified or added since the prior year end.

Premium or Discount – 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 Company. If the share price is lower than 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.

		30 September 2022 pence	30 September 2021 pence
Net Asset Value per share	(a)	**277.66**	331.70
Share price per share	(b)	**280.00**	325.00
Premium or (Discount) (c= (b-a)/a)	(c)	**0.8%**	(2.0%)

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 ordinary Shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; 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 and Directors' Report.

		30 September 2022 £'000	30 September 2021 £'000
Loan		**24,000**	25,000
Less cash and cash equivalents		**(906)**	(1,813)
Total	(a)	**23,094**	23,187
Net Asset Value	(b)	**296,283**	355,875
Gearing (c = a/b)	(c)	**7.79%**	6.52%

Ongoing Charges – are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company, expressed as a proportion of the average net assets of the Company over the reporting year (see Ten Year Record). The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing shares. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs.

Ongoing charges calculation		30 September 2022 £'000	30 September 2021 £'000
Management fees		1,428	1,442
Other expenses		680	535
Broker fee		15	18
Less loan arrangement fees		(16)	(6)
Ad-hoc non-recurring expenses		(80)	(37)
Total	(a)	2,027	1,952
Average daily net assets	(b)	343,168	331,180
Ongoing charges (c = a/b)	(c)	0.59%	0.59%

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 asset, respectively, on the date on which the shares were quoted ex-dividend.

	Net Asset Value	Share price
NAV/Share price per share at 30 September 2021 (pence)	331.70	325.00
NAV/Share price per share at 30 September 2022 (pence)	277.66	280.00
Change in the year	(16.3%)	(13.8%)
Impact of dividend reinvestments	3.2%	3.3%
Total return for the year	(13.1%)	(10.5%)

Glossary of Terms

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

Administrator – State Street Bank and Trust Company.

AIC – Association of Investment Companies, the trade body for Closed-end Investment Companies.

AIC Code – the principles set out in the Association of Investment Companies Code of Corporate Governance.

AIM – the Alternative Investment Market.

AIFMD – Alternative Investment Fund Managers Directive requires that all investment vehicles ("**AIFs**") must appoint a Depositary and an Alternative Investment Fund Manager ("**AIFM**"). The Board of Directors of an Investment Trust, nevertheless, will remain fully responsible for all aspects of the Company's strategy, operations and compliance with regulations. The Company's AIFM is the Manager.

CT UK Capital and Income Investment Trust PLC – the "**Company**".

CT Savings Plans – the CT General Investment Account, CT Junior Investment Account, CT Investment Trust ISA, CT Junior ISA, CT Lifetime ISA and CT Child Trust Fund operated by Columbia Threadneedle Management Limited, a company authorised and regulated by the Financial Conduct Authority.

Benchmark – the FTSE All-Share Index (the "**Index**") is the benchmark against which the increase or decrease in the Company's Net Asset Value is measured. The Index averages the performance of a defined selection of companies on the London Stock Exchange and gives an indication of how a wide range of companies traded on the London Stock Exchange taken as a whole have performed in any period. As the investments within the Index are not identical to those held by the Company, the Index does not take account of operating costs and the Company's strategy does not include replicating (tracking) this index, there is likely to be some level of divergence between the performance of the Company and the Index.

Closed-end company – a company, including an Investment Company, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to its Net Asset Value and the shares of which can only be issued or bought back by the Company in certain circumstances.

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 – The Custodian is JPMorgan Chase Bank. A custodian is 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.

Depositary – The Depositary is JPMorgan Europe Limited. Under AIFMD rules, 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 appointed depositary has strict liability for the loss of the financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include, but are not limited to, oversight of share buy backs, dividend payments and adherence to investment limits.

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.

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see note 2 to the accounts). Company Law requires that Share Capital, the Share Premium Account and the Capital Redemption Reserve may not be distributed. The Company's articles of association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of any share buybacks is deducted from the Special Reserve.

Dividend Dates – Reference is made in announcements of dividends to three dates. The "**record**" date is the date after which buyers of the shares will not be recorded on the register of Shareholders as qualifying for the pending dividend payment. The "**payment**" date is the date that dividends are credited to Shareholders' bank accounts. The "**ex-dividend**" date is normally the business day prior to the record date.

Fund Manager – Julian Cane, an employee of the Manager with overall management responsibility for the total portfolio.

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

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 (see note 2 to the accounts), provided the Company's assets remaining after payment of the dividend exceed 150% of the 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. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.

ISAE Report – Report prepared in accordance with the International Standard on Assurance Engagements.

Leverage – as defined under AIFMD rules, leverage is any method by which the exposure of an AIF (being an investment vehicle under the AIFMD) is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing, but is expressed as a ratio between the net assets (excluding borrowings) and the net assets (after taking account of borrowings). 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.

Manager – Columbia Threadneedle Investment Business Limited, (AIFM), and its sister company Columbia Threadneedle Management Limited. These two companies are owned by Ameriprise Financial, Inc.

Net Asset Value (NAV) – the assets less liabilities of the Company, as set out in the Balance Sheet, all valued in accordance with the Company's Accounting Policies (see note 2 to the accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve, share premium account, special reserve and capital and revenue reserves.

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 Directors' 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 Corporate Governance Statement.

Open-ended investment vehicle – a collective investment scheme which issues shares or units directly to investors, and redeems directly from investors, at a price that is linked to the Net Asset Value of the fund.

Price/earnings multiple – This is a calculation carried out as a simple assessment of a company's valuation. It is the result of dividing the share price of a company by its earnings per share, therefore showing the multiple of earnings at which the shares trade.

Registrar – Computershare Investor Services PLC provide share registration services to the Company. They maintain the register of members and arrange the payment of dividends. Shares held by investors in the CT Savings Plans are held on the register in one nominee account under the name of State Street Nominees Limited.

SORP – Statement of Recommended Practice. The accounts of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 2 to the accounts.

SSAE16 – Statement on Standards for Attestation Engagements 16, issued by the American Institute of Certified Public Accountants, is an independent snapshot of an organisation's control environment.

UK Code of Corporate Governance (UK Code) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with Shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their Annual Report and Accounts.

Warning to Shareholders – Beware of Share Fraud.

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

If you receive unsolicited investment advice or requests:

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

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

CT UK Capital and Income Investment Trust PLC
Report and Accounts
2022

Contact us

Registered office:

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