

Portfolio manager David Moss



On 13 July 2023 the Board of CT UK High Income Trust PLC announced that David Moss would succeed Philip Webster as the Company's portfolio manager with immediate effect. The Company's investment policy and objective will remain unchanged. David's biography is included on the Company's website.

Manager Commentary

Inflation and interest rates continue to both dominate the headlines for investors and drive stock market performance. We have said before that we believed we were at, or close to, the top of the interest-rate cycle in the UK; with the Bank of England deciding to keep interest rates flat at its last two meetings, it is possible to have greater confidence in this. Unfortunately, this is largely because of the growing evidence of a sharply slowing UK economy. While this was always the likely result of the very steep rise in interest rates, the reality is now becoming clear – how deep this slowdown will be is the crucial question for UK equity investors. Currently, employment remains robust and only modest falls have been seen in the housing market. If interest rates have indeed peaked, individuals and businesses will be able to plan for the future with greater certainty, and we can have more confidence that any slowdown will be moderate. In this scenario, UK equities look very attractively valued on any measure, in absolute terms, and relative to any other market or asset class.

UK equities were weak during October and the Company's net asset value fell 4.25%, with the FTSE All-Share Index fairing slightly better and declining 4.09% (both total return).

The biggest single negative detractor was Vistry. The company has seen a reversal of its positive performance since the strategy announcement in August, as negative sentiment on the UK housing market prevailed, which hurt its stock as well. With the exception of Lloyds, UK banks had a very poor reporting season as the closely watched net interest margin (NIM) was almost universally weaker. NatWest's guidance for future margins was seen as particularly negative and, as a result, the stock fell heavily. However, in terms of relative performance, this was more than offset by not owning HSBC and Barclays, reflecting the sector wide moves. There are technical reasons around the structural hedge portfolios of the banks, which means that NIMs will rise again next year. However, the market is currently not willing to look that far forward.

On the more positive side, two of the Company's newer holdings, SAP and Pearson, contributed positively as both reported strong sets of results, and Imperial Tobacco's defensive characteristics came to the fore in weak markets. Cairn Homes reported strong results and positive future sales as the Irish housing market showed very different characteristics to the UK and Cairn Homes also announced an increased share buyback.

Investment activity was more limited in October. We increased our positions in two of the more recently purchased stocks, Shell and AstraZeneca. This was funded by some trims of RELX, Schneider and the tobacco stocks following the stronger performance we saw during October.

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. A fund investing in a specific country carries a greater risk than a fund diversified across a range of countries. Changes in rates of exchange may have an adverse effect on the value, price or income of investments.

If markets fall, gearing can magnify the negative impact on performance.

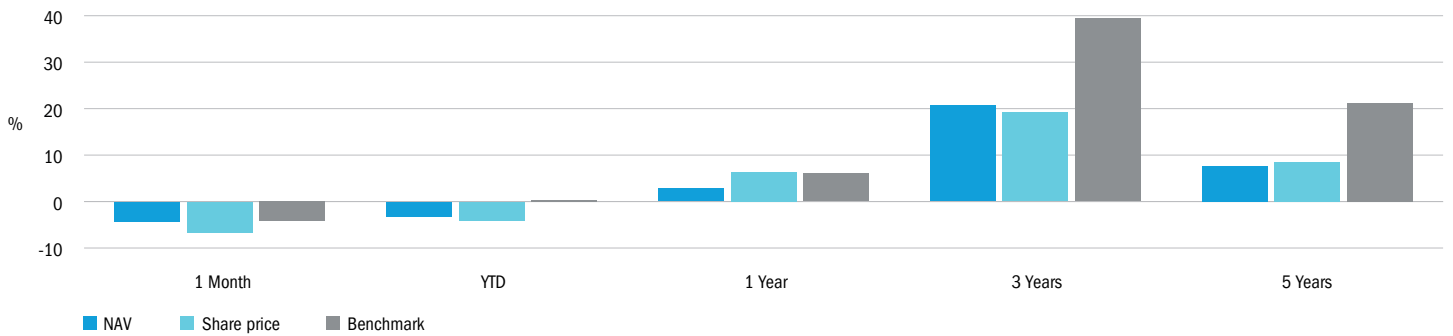
Key facts as at 31.10.23

Trust aims: To provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth. In pursuit of this objective, the Company invests predominantly in UK equities and equity-related securities of companies across the market capitalisation spectrum.

Benchmark:	FTSE All-Share Index (Pre 05/07/2018 FTSE All-Share Capped 5% Index)
Fund type:	Investment Trust
Launch date:	1 March 2007
Total assets:	£107.4 million
Share price:	74.00p
NAV:	81.01p
Discount/premium(-/+):	-8.65%
Dividend payment dates:	Feb, May, Aug, Nov
Net yield†:	7.45%
Net gearing:	15.66%
Management fee rate**:	0.60%
Ongoing charges**:	1.02%
Year end:	31 March
Sector:	UK Equity Income
Currency:	Sterling
Website:	ctukhighincome.co.uk

**Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

Fund performance as at 31.10.23



Cumulative performance as at 31.10.23 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-4.25	-3.21	2.69	20.58	7.57
Share price	-6.56	-4.00	6.31	19.09	8.43
Benchmark	-4.09	0.26	5.89	39.38	21.10

Discrete annual performance as at 31.10.23 (%)

	2023/22	2022/21	2021/20	2020/19	2019/18
NAV	2.69	-9.40	29.61	-19.40	10.68
Share price	6.31	-15.73	32.94	-17.43	10.27
Benchmark	5.89	-2.78	35.40	-18.64	6.79

Past performance is not a guide to future performance. Source: Lipper and Columbia Threadneedle Investments. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

Trust codes

Stock exchange code		Sedol
CT UK High Income	CHI	B1N4G29
CT UK High Income B	CHIB	B1N4H59
CT UK High Income Units	CHIU	B1N4H93

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Shell	7.70	8.17	-0.47	Energy
Rio Tinto	6.22	2.63	3.59	Basic Materials
AstraZeneca	4.95	6.97	-2.02	Health Care
British American Tobacco	4.93	2.51	2.42	Consumer Staples
Cairn Homes	4.18	0.00	4.18	Consumer Discretionary
Close Brothers Group	4.01	0.05	3.96	Financials
Imperial Brands	4.00	0.73	3.27	Consumer Staples
RELX	3.68	2.50	1.18	Consumer Discretionary
GSK	3.55	2.70	0.85	Health Care
Compass Group	3.54	1.66	1.88	Consumer Discretionary

All figures are subject to rounding. Not all holdings are in the FTSE All-Share Index.

Net dividend distributions pence per share (paid)/(declared)								
	2016	2017	2018	2019	2020	2021	2022	2023
February	1.14	1.17	1.21	1.25	1.29	1.29	1.32	1.32
May	1.18	1.21	1.25	1.29	1.34	1.43	1.55	1.55
August	1.17	1.21	1.25	1.29	1.29	1.29	1.32	1.32
November	1.17	1.21	1.25	1.29	1.29	1.29	1.32	1.32
Total	4.66	4.80	4.96	5.12	5.21	5.30	5.51	5.51

All figures are subject to rounding.

Glossary	
Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

Total summary	% of investment portfolio
FTSE 100	65.37
FTSE 250	19.30
Overseas	7.78
Non-Index	5.96
AIM	1.59

To find out more visit columbiathreadneedle.com



All data as at 31.10.2023 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets, unless stated otherwise. †In the absence of unforeseen circumstances, the Company currently intends that the aggregate distribution for the financial year to 31 March 2024 will be at least 5.51 pence per share. The yield is therefore calculated using a rate of 5.51 pence per share and the closing share price at the end of the relevant month. *Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. **Ongoing charges as at 31 March 2023. Please refer to the latest annual report as to how the management fee is structured. Ongoing charges are calculated in accordance with AIC recommendations. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously.

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CT UK High Income Trust PLC is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: sales.support@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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