

BMO UK High Income Trust PLC

Interim Report for the
six months ended
30 September 2021



Part of



Contents

● Overview		● Other Information	
Company Overview	3	Alternative Performance Measures	25
Financial Highlights for the six months	4	Shareholder Information	28
Summary of Performance	5	How to Invest	29
		Corporate Information	31
● Strategic Report			
Chairman's Statement	6		
Classification of Investments	9		
Investment Portfolio	10		
● Financial Report			
Condensed Unaudited Statement of Comprehensive Income	12		
Condensed Unaudited Statement of Financial Position	14		
Condensed Unaudited Statement of Changes in Equity	15		
Condensed Unaudited Cash Flow Statement	16		
Notes to the Condensed Financial Statements (unaudited)	17		
Statement of Principal Risks and Uncertainties	23		
Statement of Directors' Responsibilities in Respect of the Interim Report	24		

Forward-looking statements

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



Company Overview

BMO UK High Income Trust PLC (the "Company") is an investment trust and its shares are listed on the premium segment of the Official List of the Financial Conduct Authority and traded on the London Stock Exchange.

Purpose

The purpose of the Company is to be a cost effective investment vehicle for investors seeking income and capital returns from a portfolio invested predominantly in UK equities.

Investment Objective

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

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

Capital Structure

The Company has two classes of shares: Ordinary shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only Ordinary shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital repayment at the same time as, and in an amount equal to, each dividend paid on the Ordinary shares.

Shares may be held and traded within units, each unit comprises three Ordinary shares and one B share.

Visit our website at [bmoukhighincome.com](https://www.bmoukhighincome.com)

Company registration number SC314671
Legal Entity Identifier: 213800B7D5D7RVZZPV45

Financial Highlights for the six months

+4.4%

NAV total return⁽¹⁾

Net asset value total return per share for the six months was +4.4%, compared to the Benchmark⁽²⁾ total return of +8.0%

+10.2%

Ordinary share price total return⁽¹⁾

Ordinary share price total return for the six months was +10.2% compared to the Benchmark⁽²⁾ total return of +8.0%

+16.4%

B share price total return⁽¹⁾

B share price total return for the six months was +16.4% compared to the Benchmark⁽²⁾ total return of +8.0%

5.5%

Yield⁽¹⁾ on Ordinary Shares

Distribution yield of 5.5% on Ordinary shares at 30 September 2021, compared to the yield on the FTSE All-Share Index of 3.1%

5.2%

Yield⁽¹⁾ on B Shares

Distribution yield of 5.2% on B shares at 30 September 2021 compared to the yield on the FTSE All-Share Index of 3.1%

⁽¹⁾ Total return and yield – See Alternative Performance Measures on pages 26 and 27.

⁽²⁾ Benchmark – From launch on 1 March 2007, the Company's benchmark index was the FTSE All-Share Capped 5% Index. Following shareholder approval at the Company's AGM on 5 July 2018, the benchmark was changed to the FTSE All-Share Index.

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

Summary of Performance

Total Return ⁽¹⁾	Six months to 30 September 2021	Year to 31 March 2021
Net asset value per Ordinary share, B share and unit ⁽³⁾	+4.4%	+37.4%
Ordinary share price	+10.2%	+40.8%
B share price	+16.4%	+44.9%
Unit price ⁽³⁾	+8.9%	+40.6%
Benchmark ⁽²⁾	+8.0%	+26.7%

	30 September 2021	31 March 2021	% Change
Distributions			
Yield ⁽¹⁾ – Ordinary shares	5.5%	5.8%	
Yield ⁽¹⁾ – B shares	5.2%	5.8%	
Capital			
Net assets	£116.9m	£115.0m	+1.6
Net asset value per Ordinary share and B share	100.88p	99.25p	+1.6
Net asset value per unit ⁽³⁾	403.52p	397.00p	+1.6
FTSE All-Share Index	4,058.96	3,831.05	+5.9
(Discount)/premium⁽¹⁾			
Ordinary shares	(2.9)%	(7.8)%	
B shares	+2.6%	(7.8)%	
Units ⁽³⁾	(3.6)%	(8.1)%	
Gearing⁽¹⁾			
Gearing	9.4%	7.2%	

⁽¹⁾ Total return, yield, (discount)/premium and gearing – see Alternative Performance Measures on pages 25 to 27.

⁽²⁾ Benchmark – see definition on page 4.

⁽³⁾ A unit consists of three Ordinary shares and one B share.

Sources: BMO Global Asset Management ("BMO GAM") and Refinitiv Eikon

Chairman's Statement



J M Evans Chairman

Investment performance

For the six months to 30 September 2021 the net asset value ("NAV") total return for both the Ordinary shares and B shares was +4.4%, while the equivalent total return for the FTSE All-Share Index (the benchmark) was +8.0%.

The Manager has constructed a focused portfolio consisting of approximately 35 investments with a high level of commitment behind each one. I have mentioned in previous statements that there could be a relatively low correlation between the portfolio performance and that of the benchmark and recent periods have proven that to be the case.

The Company was consistently geared over the period and therefore the underperformance relative to the benchmark was due to stock selection.

The first six months of this financial year saw an almost complete reversal from the update written at the time of our full-year results to 31 March 2021. Having witnessed investors desert cyclicals and sectors that faced the brunt of the pandemic, we were always going to see a risk-on environment as restrictions and lockdowns came to an end. Sectors that had almost completely stopped, burst back to life.

Travel and leisure, industrials, high-street retail, and real estate have all seen a very strong recovery, off a very low base. Recent data shows that several of these sectors are back to 70%-80% of 2019 levels and in some cases closer to 90% which is positive for growth, jobs and the outlook for the UK economy.

We have also seen a surge in the price of a barrel of oil, and an exceptional rise in gas prices, lift the oil sector close to pre-pandemic levels. These larger sectors, which we are not invested in, can drag on performance in the short-term, but the Manager is comfortable that this recovery will slow as we get back to normal consumption patterns.

Our over-indexation to digital assets has also been a headwind. Digital performed exceptionally well through 2020, and early 2021. Just Eat Takeaway nearly doubled from the pandemic low but has since retreated below the levels of the crisis, due to short-term investment and competition concerns. This is not just a UK phenomenon and we have seen profit-taking and share price weakness across most of the digital platforms. The Manager has met with all these holdings and is comfortable with the structural growth and the medium-term thesis.

While there remain several hurdles to negotiate, we are encouraged by the work the Manager has done on the medium-term opportunities. While the market is being very short-term in the pursuit of depressed earnings, and cyclical recovery, your Manager has been identifying businesses he feels will come out of the crisis stronger. This may be driven by taking market share from weaker competitors, or structurally reduced costs. I would note that has not led to any wholesale change, turnover in holdings has been very low; more a nuanced shift to allocate more capital to those companies he feels have a better earnings trajectory than we have seen historically.

Share price performance

Over the period there was a welcome narrowing of the discount to NAV at which the shares in the Company traded. For the Ordinary shares the discount closed from -7.8% at 31 March 2021 to -2.9% at 30 September 2021. Consequently, the share price total return for the Ordinary shares for the period was +10.2%.

The B shares were also trading at a discount to NAV of -7.8% on 31 March 2021 but ended the period valued at a premium to NAV of +2.6% thus generating a share price total return of +16.4% for the period under review.

Your Board and Manager have been working hard to increase the awareness of the Company, particularly among self-directed investors and we are pleased to see the ownership of the Company's shares by these groups increasing on a consistent basis, be that through the BMO Savings plans or via direct purchase by investors.

No buybacks in either share class were undertaken in the period under review.

At 30 September 2021 the distribution yields on the Ordinary shares (5.5%) and B shares (5.2%) were both greater than the benchmark index yield (3.1%) and at levels which are significantly higher than other interest rates. These are attractive yields in the current low interest rate environment.

Earnings, dividends and capital repayments

As noted in the 2021 Annual Report, revenue earnings declined significantly in the year to 31 March 2021 reflecting the sharp reduction in dividend payments made by UK companies as the economic chaos caused by the COVID-19 pandemic impacted. In the period under review your Company's revenue earnings per share have risen by 79.7% in comparison to the six months to 30 September 2020. The recovery in dividend payment levels by UK corporates has been rapid and most encouraging – an indication of long-term confidence by Boards and management alike.

Your Board was pleased to increase dividends and capital repayments to shareholders against a very weak background for earnings in the year to 31 March 2021. This was made possible by the ability to utilise the revenue reserves that your Company has consistently built up over the years.

I am pleased to say that revenue has recovered faster than anticipated and that the revenue forecast for the year to 31 March 2022 currently looks robust. Having maintained the first two quarterly interim dividends for the current financial year to 31 March 2022 the Board was pleased to announce that the third quarterly interim dividend will be increased to 1.32p per Ordinary share and that in the absence of unforeseen circumstances, it is currently intended that the aggregate dividend for the current

Chairman's Statement (continued)

financial year to 31 March 2022 will be at least 5.4p per Ordinary share.

One of the benefits of the Investment Trust structure is the ability to create and use revenue reserves to help smooth the level of dividend payments to shareholders over the longer term. The past two years have shown how effectively this structure can work.

Ownership of the Manager

On 8 November 2021, Columbia Threadneedle Investments, part of Ameriprise Financial acquired BMO's EMEA asset management business ('BMO GAM (EMEA)'). This added £97 billion of assets under management ('AUM') to Columbia Threadneedle increasing its AUM to £530 billion. This was a transaction that was discussed in the Chairman's Statement in respect of the year to 31 March 2021. Your Board maintained a regular dialogue with BMO and has met with representatives of the now new owners. We look forward to benefitting from the increase in scale and resources that the combined BMO/Columbia Threadneedle business can provide, however there will be no changes to the personnel running the activities of your Company in terms of both Fund Management and Administration.

Outlook

Stock markets anticipated the economic recovery from the dislocation caused by the COVID-19 pandemic and this was reflected in the high capital returns generated by markets in the second half of calendar year 2020 and in the first half of 2021. The recent period has seen focus shift to the issues created by a rapid resurgence of industrial and commercial activity around the world. This

coupled with the added confusion of Brexit related issues has, in the UK, been reflected in much publicised supply bottlenecks, rapidly rising energy prices, inflation reaching recent high levels and much speculation about interest rates rising from all-time lows.

In addition, the need for Central Banks around the world to scale back the level of support provided via the various forms of Quantitative Easing creates an uncertain macro background.

The rate of inflation in the UK and in most developed economies is challenging, not least because it remains unclear as to whether this is a short-term factor caused by shortages, or the beginnings of a prolonged spell of price adjustment. Policy response to these scenarios would be different and as yet unclear – a further cause of uncertainty.

Overarching all of these economic and market developments is the fact that the course of the pandemic remains uncertain and the virus has the capacity continually to surprise. The course of the economic recovery is likely to be smoother than that of stock markets. Set against this is the evidence of a strong recovery in corporate profits and with it, dividends. Your Board is pleased that the revenue for your Company has recovered so quickly and looks forward to a continued improvement into 2022.

John M Evans
Chairman

2 December 2021

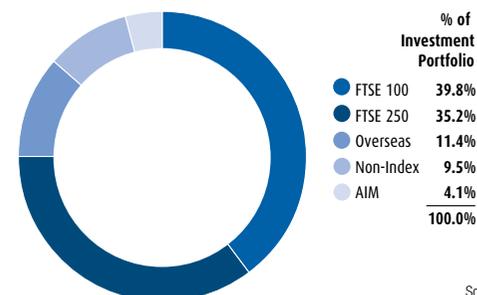
Classification of Investments

At 30 September 2021

The following table shows, at 30 September 2021, the percentage weightings by sector of the investment portfolio in comparison to the FTSE All-Share Index.

Investment Portfolio by Sector		
Sector	2021 % Total investments	2021 % FTSE All-Share Index
Consumer Discretionary	31.0	12.5
Financials	30.9	22.5
Consumer Staples	15.8	15.0
Healthcare	5.5	9.9
Real Estate	5.3	3.1
Basic Materials	5.0	9.0
Technology	3.3	1.6
Industrials	2.4	13.1
Utilities	0.8	2.9
Energy	-	8.4
Telecommunications	-	2.0
Total	100.0	100.0

Investment Portfolio analysis by Index as at 30 September 2021



Source: BMO GAM

Investment Portfolio

At 30 September 2021		
Company	Market Value 30 September 2021 £'000	% of total investments
British American Tobacco (Consumer Staples – Tobacco) British American Tobacco is involved in the manufacture, marketing and selling of cigarettes and other tobacco products. It is also at the forefront of developing alternatives to traditional tobacco products.	7,221	5.6
RELX (Consumer Discretionary – Media) RELX is a multinational information and analytics company.	7,059	5.5
GlaxoSmithKline (Health Care – Pharmaceuticals & Biotechnology) GlaxoSmithKline is a global manufacturer and marketer of pharmaceutical products.	7,035	5.5
Compass Group (Consumer Discretionary – Consumer Services) Compass Group is a multinational contract foodservice company.	6,562	5.1
Brewin Dolphin (Financials – Investment Banking & Brokerage Services) Brewin Dolphin is a British investment management and financial planning company.	6,366	5.0
Rio Tinto (Basic Materials – Industrial Metals And Mining) Rio Tinto is a diversified international mining company.	6,334	5.0
Intermediate Capital Group (Financials – Investment Banking & Brokerage Services) Intermediate Capital Group is a global alternative asset manager in private debt, credit and equity.	6,234	4.9
Close Brothers Group (Financials – Banks) Close Brothers Group is a niche UK merchant banking group providing lending, wealth management services and securities trading.	4,878	3.8
Cairn Homes (Consumer Discretionary – Household Goods & Home Construction) Cairn Homes is an Irish house-builder and developer.	4,842	3.8
Beazley (Financials – Non-life Insurance) Beazley is a specialist insurer.	4,674	3.7
Ten largest investments	61,205	47.9

At 30 September 2021			
Company	Sector – Sub Sector	Market Value 30 September 2021 £'000	% of total investments
Kerry Group	Consumer Staples – Food Producers	4,592	3.6
Berkeley Group	Consumer Discretionary – Household Goods & Home Construction	4,273	3.3
Vistry Group	Consumer Discretionary – Household Goods & Home Construction	4,195	3.3
Cie Financiere Richemont	Consumer Discretionary – Personal Goods	4,177	3.3
Phoenix Group Holdings	Financials – Life Insurance	3,538	2.8
Londonmetric Property	Real Estate – Real Estate Investment Trusts	3,455	2.7
Wizz Air Holdings	Consumer Discretionary – Travel & Leisure	3,325	2.6
Neinor Homes	Real Estate – Real Estate Investment And Services	3,245	2.5
Burford Capital	Financials – Finance And Credit Services	3,176	2.5
Diageo	Consumer Staples – Beverages	3,126	2.4
Twenty largest investments		98,307	76.9
Delivery Hero	Consumer Discretionary – Consumer Services	3,087	2.4
Melrose Industries	Industrials – General Industrials	3,014	2.4
Jupiter Fund Management	Financials – Investment Banking & Brokerage Services	2,972	2.3
Prudential	Financials – Life Insurance	2,903	2.3
THG PLC	Consumer Staples – Personal Care, Drug And Grocery Stores	2,730	2.1
Just Eat Takeaway.com	Technology – Software And Computer Services	2,637	2.1
Imperial Brands	Consumer Staples – Tobacco	2,449	1.9
Legal & General Group	Financials – Life Insurance	2,384	1.9
Deutsche Boerse	Financials – Investment Banking & Brokerage Services	2,325	1.8
ASOS	Consumer Discretionary – Retailers	2,094	1.6
Thirty largest investments		124,902	97.7
Scout24	Technology – Software And Computer Services	1,548	1.2
Pennon Group	Utilities – Gas, Water And Multi-Utilities	1,065	0.8
Investors Securities Company Limited	N/A (subsidiary undertaking)	250	0.2
Jackson Financial	Financials – Life Insurance	96	0.1
Total investments		127,861	100.0

Condensed Unaudited Statement of Comprehensive Income

Notes	Six months to 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000
	-	2,850	2,850
	-	1	1
2	2,993	-	2,993
3	(117)	(272)	(389)
	(247)	-	(247)
	2,629	2,579	5,208
	Net finance costs		
	(41)	(95)	(136)
	(41)	(95)	(136)
	2,588	2,484	5,072
4	(23)	-	(23)
	2,565	2,484	5,049
	2,565	2,484	5,049
5	2.21p	2.15p	4.36p

The total column of this statement represents the Company's Income Statement and Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

All of the profit and comprehensive income for the period is attributable to the owners of the Company.

Six months to 30 September 2020			Year to 31 March 2021*		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	12,797	12,797	-	29,988	29,988
-	(17)	(17)	-	(35)	(35)
1,803	-	1,803	3,788	-	3,788
(105)	(245)	(350)	(212)	(494)	(706)
(220)	-	(220)	(480)	-	(480)
1,478	12,535	14,013	3,096	29,459	32,555
(32)	(74)	(106)	(69)	(160)	(229)
(32)	(74)	(106)	(69)	(160)	(229)
1,446	12,461	13,907	3,027	29,299	32,326
(7)	-	(7)	(7)	-	(7)
1,439	12,461	13,900	3,020	29,299	32,319
1,439	12,461	13,900	3,020	29,299	32,319
1.23p	10.67p	11.90p	2.59p	25.16p	27.75p

*these figures are audited.

Condensed Unaudited Statement of Financial Position

As at				
Notes	30 September 2021 £'000	30 September 2020 £'000	31 March 2021* £'000	
Non-current assets				
9	Investments held at fair value through profit or loss	127,861	109,398	123,249
		127,861	109,398	123,249
Current assets				
	Receivables	562	300	990
	Cash and cash equivalents	1,999	552	2,310
		2,561	852	3,300
	Total assets	130,422	110,250	126,549
Current liabilities				
	Payables	(518)	(519)	(542)
10	Bank loans	(13,000)	(2,000)	(3,500)
		(13,518)	(2,519)	(4,042)
Non-current liabilities				
10	Bank loan	-	(7,500)	(7,500)
		-	(7,500)	(7,500)
	Total liabilities	(13,518)	(10,019)	(11,542)
	Net assets	116,904	100,231	115,007
Capital and reserves				
11	Share capital	134	134	134
	Share premium	153	153	153
	Capital redemption reserve	5	5	5
	Buy back reserve	80,394	81,038	80,394
	Special capital reserve	12,505	14,133	13,340
	Capital reserves	18,876	(446)	16,392
	Revenue reserve	4,837	5,214	4,589
	Equity shareholders' funds	116,904	100,231	115,007
12	Net asset value per Ordinary share	100.88p	85.94p	99.25p
12	Net asset value per B share	100.88p	85.94p	99.25p

Approved by the Board, and authorised for issue, on 2 December 2021 and signed on its behalf by:

John M Evans, Director

*these figures are audited.

Condensed Unaudited Statement of Changes in Equity

For the six months to 30 September 2021									
Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Buy back Reserve £'000	Special Capital Reserve £'000	Capital Reserves £'000	Revenue Reserve £'000	Total £'000	
	Balance as at 1 April 2021	134	153	5	80,394	13,340	16,392	4,589	115,007
	Profit for the period	-	-	-	-	-	2,484	2,565	5,049
8	Dividends paid on								
	Ordinary shares	-	-	-	-	-	-	(2,317)	(2,317)
8	Capital returns paid on B shares	-	-	-	-	(835)	-	-	(835)
	Balance as at 30 September 2021	134	153	5	80,394	12,505	18,876	4,837	116,904

For the six months to 30 September 2020									
Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Buy back Reserve £'000	Special Capital Reserve £'000	Capital Reserves £'000	Revenue Reserve £'000	Total £'000	
	Balance as at 1 April 2020	134	153	5	81,157	14,945	(12,907)	6,034	89,521
	Profit for the period	-	-	-	-	-	12,461	1,439	13,900
	Shares bought back for treasury	-	-	-	(119)	-	-	-	(119)
8	Dividends paid on								
	Ordinary shares	-	-	-	-	-	-	(2,259)	(2,259)
8	Capital returns paid on B shares	-	-	-	-	(812)	-	-	(812)
	Balance as at 30 September 2020	134	153	5	81,038	14,133	(446)	5,214	100,231

For the year to 31 March 2021*									
Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Buy back Reserve £'000	Special Capital Reserve £'000	Capital Reserves £'000	Revenue Reserve £'000	Total £'000	
	Balance as at 1 April 2020	134	153	5	81,157	14,945	(12,907)	6,034	89,521
	Profit for the year	-	-	-	-	-	29,299	3,020	32,319
	Shares bought back for treasury	-	-	-	(763)	-	-	-	(763)
8	Dividends paid on								
	Ordinary shares	-	-	-	-	-	-	(4,465)	(4,465)
8	Capital returns paid on B shares	-	-	-	-	(1,605)	-	-	(1,605)
	Balance as at 31 March 2021	134	153	5	80,394	13,340	16,392	4,589	115,007

*these figures are audited.

Condensed Unaudited Cash Flow Statement

	Six months to 30 September 2021 £'000	Six months to 30 September 2020 £'000	Year to 31 March 2021* £'000
Cash flows from operating activities			
Profit before tax	5,072	13,907	32,326
Adjustments for:			
Gains on investments held at fair value through profit or loss	(2,850)	(12,797)	(29,988)
Exchange (gains)/losses	(1)	17	35
Interest income	-	(1)	(1)
Interest received	-	1	1
Dividend income	(2,993)	(1,802)	(3,787)
Dividend income received	3,444	2,354	3,638
Decrease in receivables	2	4	8
(Decrease)/increase in payables	(23)	12	33
Finance costs	136	106	229
Overseas tax suffered	(52)	(23)	(21)
Cash flows from operating activities	2,735	1,778	2,473
Cash flows from investing activities			
Purchases of investments	(5,675)	(11,665)	(19,430)
Sales of investments	3,913	7,744	18,849
Cash flows from investing activities	(1,762)	(3,921)	(581)
Cash flows from financing activities			
Dividends paid on Ordinary shares	(2,317)	(2,259)	(4,465)
Capital returns paid on B shares	(835)	(812)	(1,605)
Interest on bank loans	(133)	(101)	(763)
Shares purchased for treasury	-	(119)	(217)
Drawdown of loan	2,000	2,000	3,500
Cash flows from financing activities	(1,285)	(1,291)	(3,550)
Net decrease in cash and cash equivalents	(312)	(3,434)	(1,658)
Effect of movement in foreign exchange	1	(17)	(35)
Opening net cash and cash equivalents	2,310	4,003	4,003
Closing cash and cash equivalents	1,999	552	2,310

*these figures are audited.

Notes to the Condensed Financial Statements (unaudited)

1. Accounting Policies

The condensed unaudited financial statements have been prepared on a going concern basis and in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory financial statements of the Company for the year ended 31 March 2021. The condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 March 2021, which were prepared under IFRS requirements.

2. Income

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Income comprises:			
UK dividend income	2,147	1,694	3,379
UK dividend income - special dividends	601	-	86
Overseas dividend income	179	67	220
Property income distributions	66	41	102
	2,993	1,802	3,787
Other income			
Interest on cash and cash equivalents	-	1	1
	2,993	1,803	3,788

- The Company's investment manager BMO Investment Business Limited receives an investment management fee of 0.65 per cent per annum of the net asset value of the Company payable quarterly in arrears.
- The taxation charge for the period represents withholding tax suffered on overseas dividend income.
- The earnings per share are based on the net profit for the period and on 115,881,403 shares (period to 30 September 2020 - 116,765,010; year to 31 March 2021 - 116,451,266), being the weighted average number of shares in issue during the period.
- Earnings for the six months to 30 September 2021 should not be taken as a guide to the results of the full year.

Notes to the Condensed Financial Statements (unaudited) (continued)

7. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, of investing in equity securities, and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value as calculated under IFRS and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed financial statements.

8. Dividends and capital repayments

	Payment date	Six months to 30 September 2021 £'000	Six months to 30 September 2020 £'000	Year to 31 March 2021 £'000
In respect of the previous period:				
Fourth interim dividend at 1.43p (2020: 1.34p) per Ordinary share	7-May-21	1,218	1,151	1,151
Fourth capital repayment at 1.43p (2020: 1.34p) per B share	7-May-21	439	414	414
In respect of the period under review:				
First interim dividend at 1.29p (2021: 1.29p) per Ordinary share	6-Aug-21	1,099	1,108	1,108
First capital repayment at 1.29p (2021: 1.29p) per B share	6-Aug-21	396	398	398
Second interim dividend (2021: 1.29p) per Ordinary share		-	-	1,107
Second capital repayment (2021: 1.29p) per B share		-	-	397
Third interim dividend (2021: 1.29p) per Ordinary share		-	-	1,099
Third capital repayment (2021: 1.29p) per B share		-	-	396
		3,152	3,071	6,070

A second interim dividend for the year to 31 March 2022, of 1.29p per Ordinary share, was paid on 5 November 2021 to Ordinary shareholders on the register on 8 October 2021.

A second quarter capital repayment of 1.29p per B share was paid on 5 November 2021 to B shareholders on the register on 8 October 2021.

Although these payments relate to the period ended 30 September 2021, under IFRS they will be accounted for in the six months to 31 March 2022, being the period during which they are paid.

9. Investments held at fair value through profit or loss

	Listed/ Quoted (Level 1) £'000	Subsidiary/ Unlisted (Level 3) £'000	Total £'000
Cost brought forward	109,690	250	109,940
Gains brought forward	13,309	-	13,309
Fair value of investments at 31 March 2021	122,999	250	123,249
Movement in the period:			
Purchases at cost	5,675	-	5,675
Sales proceeds	(3,913)	-	(3,913)
Gains on investments sold in the period	505	-	505
Gains on investments held at 30 September 2021	2,345	-	2,345
Fair value of investments at 30 September 2021	127,611	250	127,861
Cost at 30 September 2021	111,957	250	112,207
Gains at 30 September 2021	15,654	-	15,654
Fair value of investments at 30 September 2021	127,611	250	127,861

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

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

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2021.

Notes to the Condensed Financial Statements (unaudited) (continued)

10. Bank loans

The Company has a £7.5 million unsecured term loan from Scotiabank Europe plc until 28 September 2022 and at a fixed interest rate of 2.58 per cent per annum. The fair value of the £7.5 million term loan, calculated using a discounted cashflow technique, is not materially different from the value reflected in the Unaudited Statement of Financial Position.

The Company also has a £7.5 million unsecured multicurrency revolving credit facility ("RCF") with Scotiabank (Ireland) Designated Activity Company, available until 28 September 2022. £5.5 million of the RCF was drawn down at 30 September 2021 at an interest rate of 1.5% (30 September 2020 – £2 million; 31 March 2021 – £3.5 million).

11. Share capital

Allotted, issued and fully paid

	Listed		Held in Treasury		In Issue	
	Number	£	Number	£	Number	£
Ordinary Shares of 0.1p each						
Balance at 1 April 2021	102,067,144	102,067	(16,894,491)	(16,894)	85,172,653	85,173
Balance at 30 September 2021	102,067,144	102,067	(16,894,491)	(16,894)	85,172,653	85,173
B Shares of 0.1p each						
Balance at 1 April 2021	32,076,703	32,077	(1,367,953)	(1,368)	30,708,750	30,709
Balance at 30 September 2021	32,076,703	32,077	(1,367,953)	(1,368)	30,708,750	30,709
Total at 30 September 2021	134,143,847	134,144	(18,262,444)	(18,262)	115,881,403	115,882

During the period the Company bought back nil Ordinary shares and bought back nil B shares to hold in treasury (period to 30 September 2020 – 100,000 Ordinary shares and 50,000 B shares; year to 31 March 2021 – 750,000 Ordinary shares and 150,000 B shares).

At 30 September 2021 the Company held 16,894,491 Ordinary shares and 1,367,953 B shares in treasury (30 September 2020 – 16,244,491 Ordinary shares and 1,267,953 B shares; 31 March 2021 – 16,894,491 Ordinary shares and 1,367,953 B shares).

- The net asset value per share is based on shareholders' funds at the period end and on 85,172,653 Ordinary shares and 30,708,750 B shares, being the number of shares in issue at the period end (30 September 2020 – 85,822,653 Ordinary shares and 30,808,750 B shares; 31 March 2021 – 85,172,653 Ordinary shares and 30,708,750 B shares).
- The fair values of the Company's financial assets and liabilities are not materially different from their carrying values in the financial statements.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements for the year ended 31 March 2021.

14. Changes in liabilities arising from financing activities

	Six months to 30 September 2021 £'000	Six months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Opening net debt at beginning of period/year	11,000	7,500	7,500
Cash flows:			
Drawdown of revolving credit facility	2,000	2,000	3,500
Closing net debt at end of period/year	13,000	9,500	11,000

15. Going concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council (including that due to COVID-19) and have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the COVID-19 pandemic.

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

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

Notes to the Condensed Financial Statements (unaudited) (continued)

15. Going concern (continued)

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

16. Related party transactions

The Directors of the Company are considered a related party. The Directors receive aggregated remuneration for services as Directors and for which there were no outstanding balances at the period end. There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or performance of the Company during the period and there have been no changes in the related party transactions described in the last Annual Report that could do so.

17. The Company's auditor, Deloitte LLP, has not audited or reviewed the Interim Report to 30 September 2021 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory financial statements in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory financial statements for the year ended 31 March 2021, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. The condensed financial statements shown for the year ended 31 March 2021 are an extract from those financial statements. No full statutory financial statements in respect of any period after 31 March 2021 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

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

These risks, and the way in which they are managed, are described under the heading 'Principal Risks and Uncertainties and Viability Statement' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2021.

The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

The principal risks identified in the Annual Report were:

- Financial risk. The Company's assets consist mainly of listed equity securities and its principal financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk

- Investment and strategic risk
- Regulatory risk
- Operational risk
- Custody risk

These include risks in relation to failures at service providers or loss or sabotage of data through cyber threats or business continuity failure.

The Board has also considered the impact of Coronavirus (COVID-19) which has increased uncertainty and volatility in markets and has impacted the value of investments. In addition, the operational resilience of the Manager and the Company's other third party service providers has been considered. This is included within financial risk and operational risk.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

John M Evans
Director

2 December 2021

Alternative Performance Measures ("APMs")

The Company uses the following APMs:

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

		30 September 2021			31 March 2021		
		Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Net asset value per share	(a)	100.88p	100.88p	403.52p	99.25p	99.25p	397.00p
Share price	(b)	98.00p	103.50p	389.00p	91.50p	91.50p	365.00p
(Discount)/premium (c=(b-a)/(a))	(c)	(2.9)%	2.6%	(3.6)%	(7.8)%	(7.8)%	(8.1)%

Gearing – represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and no gearing.

		30 September 2021 £'000	31 March 2021 £'000
Investments held at fair value through profit or loss	(a)	127,861	123,249
Net assets	(b)	116,904	115,007
Gearing (c=(a/b)-1)%	(c)	9.4%	7.2%

Alternative Performance Measures (“APMs”) (continued)

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

The effect of reinvesting these dividends/capital repayments on the respective ex-dividend dates and the NAV total returns and share price total returns are shown below.

	30 September 2021		31 March 2021	
	Ordinary shares/ B shares	Units	Ordinary shares/ B shares	Units
NAV per share at start of period/year	99.25p	397.00p	76.66p	306.64p
NAV per share at end of period/year	100.88p	403.52p	99.25p	397.00p
Change in the period/year	1.6%	1.6%	29.5%	29.5%
Impact of dividend/capital repayment reinvestment [†]	2.8%	2.8%	7.9%	7.9%
NAV total return for the period/year	4.4%	4.4%	37.4%	37.4%

[†] During the six months to 30 September 2021 dividends/capital repayments totalling 2.72p (Ordinary shares/B shares) and 10.88p (units) went ex-dividend. During the year to 31 March 2021 the equivalent figures were 5.21p (Ordinary shares/B shares) and 20.84p (units).

	30 September 2021			31 March 2021		
	Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Share price per share at start of period/year	91.5p	91.5p	365.0p	69.5p	67.5p	273.0p
Share price per share at end of period/year	98.0p	103.5p	389.0p	91.5p	91.5p	365.0p
Change in the period/year	7.1%	13.1%	6.6%	31.7%	35.6%	33.7%
Impact of dividend/capital repayment reinvestment [†]	3.1%	3.3%	2.3%	9.1%	9.3%	6.9%
Share price total return for the period/year	10.2%	16.4%	8.9%	40.8%	44.9%	40.6%

[†] During the six months to 30 September 2021 dividends/capital repayments totalling 2.72p (Ordinary shares/B shares) and 10.88p (units) went ex-dividend. During the year to 31 March 2021 the equivalent figures were 5.21p (Ordinary shares/B shares) and 20.84p (units).

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

		30 September 2021*			31 March 2021		
		Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Annual dividend/capital repayment	(a)	5.40p	5.40p	21.60p	5.30p	5.30p	21.20p
Share price	(b)	98.00p	103.50p	389.00p	91.50p	91.50p	365.00p
Yield = (c=a/b)	(c)	5.5%	5.2%	5.6%	5.8%	5.8%	5.8%

* Based on expected minimum annual dividend/capital repayment of 5.40 pence per share in respect of the year ending 31 March 2022.

Shareholder Information

Dividends and capital repayments

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

Share Prices and Daily Net Asset Value

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

Change of Address

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

Financial Calendar 2021/22

5 November 2021	Second quarter's distribution paid (XD Date 7 October 2021)
4 February 2022	Third quarter's distribution paid (XD Date 6 January 2022)
6 May 2022	Fourth quarter's distribution paid (XD Date 7 April 2022)
May 2022	Announcement of Annual Results and Posting of Annual Report
July 2022	Annual General Meeting

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 www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority ("FCA")
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at 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**.

How to Invest

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

BMO 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.

BMO Junior ISA (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 BMO.

BMO Lifetime ISA (LISA)

For those aged 18-39, a Lifetime ISA 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.

BMO 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 BMO.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £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.

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 BMO 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.

How to Invest (continued)

How to Invest

To open a new BMO plan, apply online at [bmogam.com/apply](https://www.bmogam.com/apply)

Online applications are not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name but paper applications are available at [bmoinvestments.co.uk/documents](https://www.bmoinvestments.co.uk/documents) or by contacting BMO.

New Customers

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

Existing Plan Holders

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

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

 [bmoinvestments.co.uk](https://www.bmoinvestments.co.uk)

 [facebook.com/bmoinvestmentsuk](https://www.facebook.com/bmoinvestmentsuk)

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

Notes

* 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.

Corporate Information

Directors

J M Evans (Chairman)⁽¹⁾
H M Galbraith (nee Driver)⁽²⁾
J Le Blan (retired 27 July 2021)
S J Mitchell⁽³⁾
A K Watkins⁽⁴⁾

**Alternative Investment Fund Manager ('AIFM'),
Investment Manager and Company Secretary**
BMO Investment Business Limited
6th Floor, Quatermile 4,
7a Nightingale Way,
Edinburgh EH3 9EG

Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Auditor

Deloitte LLP
110 Queen Street
Glasgow G1 3BX

Depository

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

Principal Bankers and Custodian

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

Bankers

Scotiabank Europe
201 Bishopsgate
London EC2M 3NS

Solicitors

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

Company Number

SC314671

Website

[bmoukhighincome.com](https://www.bmoukhighincome.com)

⁽¹⁾ Chairman of the Nomination Committee

⁽²⁾ Chairman of the Audit Committee

⁽³⁾ Chairman of the Engagement and Remuneration Committee

⁽⁴⁾ Senior Independent Director

BMO UK High Income Trust PLC

Interim Report 2021

Registered Office

-  6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG
-  Tel: 0207 628 8000
-  bmoukhighincome.com

Registrars

-  Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
-  Registrars' Shareholder Helpline: 0371 384 2470*
Registrars' Broker Helpline: 0906 559 6025†
Registrars' Overseas Helpline: +44 121 415 7047**
-  shareview.co.uk

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

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

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

** Local overseas call rates will apply.

