

Portfolio manager
David Moss



Manager Commentary

June was the month that went against the trend in the second quarter, with UK equities weaker as the FTSE All-Share Index fell 1.2% (total return) during the month. However, the quarter still ended in positive territory. The UK election campaign dominated the news flow in the month, but arguably the bigger impact on equities was the surprise announcement by President Macron to call a French parliamentary election. After far-right parties performed strongly in the European elections, fears rose that the National Rally, led by Marine le Pen, may be able to take power in France. With its economic policies very populist in nature (e.g. raising taxes), markets across Europe reacted negatively. The good news is that both elections will take place soon, unlike in the US, where the noise around the Presidential election in November is beginning to ramp up and will undoubtedly cause volatility in the months ahead.

The Trust's performance was negative during June, with the net asset value falling 1.9% (total return) and underperforming the Benchmark by approximately 75 basis points. The biggest detractor was UK insurance company Legal & General, where investors were underwhelmed by the strategy put forward by the new CEO. While we can understand these concerns, we are surprised that investors were expecting anything radical, and see the strategy as broadly sensible. Other detractors included some of our most recent winners: specialist buy-to-let provider OSB Group and Irish housebuilder Cairn Homes. We assume this is due to some profit-taking, as nothing has fundamentally changed for either stock. Elsewhere, GSK was weak after negative news on the long running legal action on its drug Zantac, and it was granted a less favourable label on the new RSV vaccine. Lastly, paper-based packaging company Smurfit Kappa saw its merger with US company Westrock receive final approval, and there has been technical selling as the stock will leave some European benchmarks. Positively, our software holdings contributed well, especially SAP and tobacco company Imperial Brands.

Activity was limited again, as we would expect it to be going forward after the restructuring of the last 12 months. The only transactions were a reduction of Imperial Brands, as we took advantage of the strong performance to reduce the large position. We used the proceeds to top up positions in other high-yielding stocks: HSBC, Supermarket Income REIT and UK housebuilder Taylor Wimpey.

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.

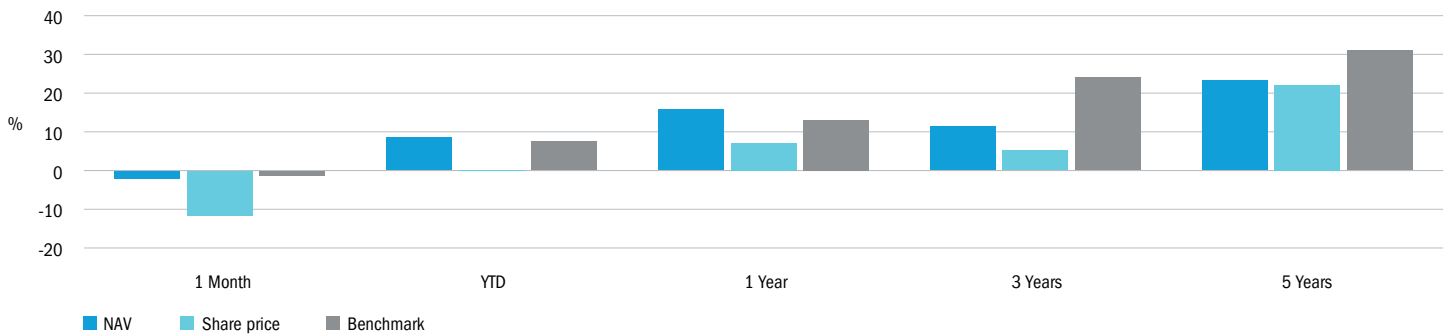
Key facts as at 30.06.24

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
Fund type:	Investment Trust
Launch date:	1 March 2007
Total assets:	£124.7 million
Share price:	84.00p
NAV:	96.18p
Discount/premium(-/+):	-12.66%
Dividend payment dates:	Feb, May, Aug, Nov
Net yield†:	6.69%
Net gearing:	12.57%
Management fee rate**:	0.60%
Ongoing charges**:	1.08%
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 30.06.24



Cumulative performance as at 30.06.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-1.92	8.35	15.61	11.36	23.15
Share price	-11.58	-0.01	7.05	5.08	21.98
Benchmark	-1.15	7.43	12.98	23.90	30.93

Discrete annual performance as at 30.06.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	15.61	5.05	-8.31	22.89	-10.01
Share price	7.05	5.09	-6.60	28.59	-9.73
Benchmark	12.98	7.89	1.64	21.45	-12.99

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

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Shell	8.56	7.56	1.00	Energy
AstraZeneca	7.37	7.72	-0.35	Health Care
HSBC	6.26	5.37	0.89	Financials
Rio Tinto	5.57	2.32	3.25	Basic Materials
GSK	3.71	2.55	1.16	Health Care
Legal & General Group	3.67	0.57	3.10	Financials
Imperial Brands	3.24	0.73	2.51	Consumer Staples
Phoenix Group	3.21	0.16	3.05	Financials
NatWest	3.12	0.82	2.30	Financials
RELX	2.95	2.84	0.11	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) with respect to the financial year to 31 March					
	2021	2022	2023	2024	2025
August	1.29	1.29	1.32	1.32	1.35
November	1.29	1.29	1.32	1.32	
February	1.29	1.32	1.32	1.32	
May	1.43	1.55	1.55	1.66	
Total	5.30	5.45	5.51	5.62	1.35

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	79.69
FTSE 250	10.41
Overseas	5.87
Non-Index	2.86
AIM	1.17

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All data as at 30.06.2024 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 2025 will be at least 5.62 pence per share. The yield is therefore calculated using a rate of 5.62 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 2024. 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, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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