

CT UK High Income Trust PLC

Ordinary Shares

As at 31 May 2025

Fund manager
David Moss



Morningstar rating†



Manager Commentary

After the tariff induced turmoil of April, May was a relatively calm month and the FTSE All-Share more than re-captured the small April loss, rising over 4% in the month. As more tariffs were reduced and delayed, investors began to pay much less attention to President Trump's pronouncements, sceptical that they would ever have much impact. While we can understand this, as the US administration appears ready to roll back the rhetoric every time markets panic, we must remember even the new US baseline-level tariff of 10% represents a big shift in global trade. The UK has been a relative winner, with the outlines of a trade agreement with the US already signed (the details will require a lot more work). This certainly helped UK market returns, as did the Bank of England cutting rates during the month. That said, expectations for future rate cuts reduced as two members of the rate-setting committee voted for no cut and as officials reiterated that future cuts would likely be gradual.

Returns from the Trust were slightly behind the strong market in May, with the net asset value (NAV) rising 3.7% versus the FTSE All-Share's 4.1% rise, as our more defensive positioning was less helpful. Imperial Brands was the weakest performer, as the highly regarded CEO announced his retirement. Owning Rio Tinto over Glencore in the mining space also detracted from relative performance. More positively, the holding in UK asset manager M&G was very strong after they announced a long-term partnership with Japanese Life company Dai-ichi Life that would involve Dai-ichi taking a 15% stake in M&G. We have had positions in all the UK life companies for some time, as we believed that their very high dividend yields reflected a misunderstanding of the businesses rather than fundamental problems, and the Dai-ichi deal is encouraging in that it appears to represent recognition of this undervaluation by external investors. This appears to be a common theme, considering the amount of bid activity in the UK market.

We made two additions to the portfolio in May, starting positions in Burberry and travel food retailer SSP. Under new management, Burberry the brand is now positioned appropriately and, as recent results show, growth is returning. Our meeting with management highlighted that while a lot of work has been done, there is still more to be done on costs, ranging and product, giving us confidence that the upside remains material. SSP has a very strong presence globally but endured an obviously difficult time during Covid and has struggled in some European markets since. The company is now taking more concrete action on underperforming businesses and, with 80% of their US travel-bookings being domestic, revenues are much less exposed to falls in international travel to the US than perceived. These issues have left the business looking very attractively valued with significant growth ahead, both of which factors we expect to be highlighted by the likely IPO of the Indian joint venture. These purchases were funded by selling the position in Unilever. Like many of its peers, Unilever is struggling to generate sales growth and, with its pricing too high and consumer demand soft, we find it difficult to see this changing. With Unilever shares trading on a fairly demanding valuation, the potential upside for the two purchases appeared much more attractive.

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.

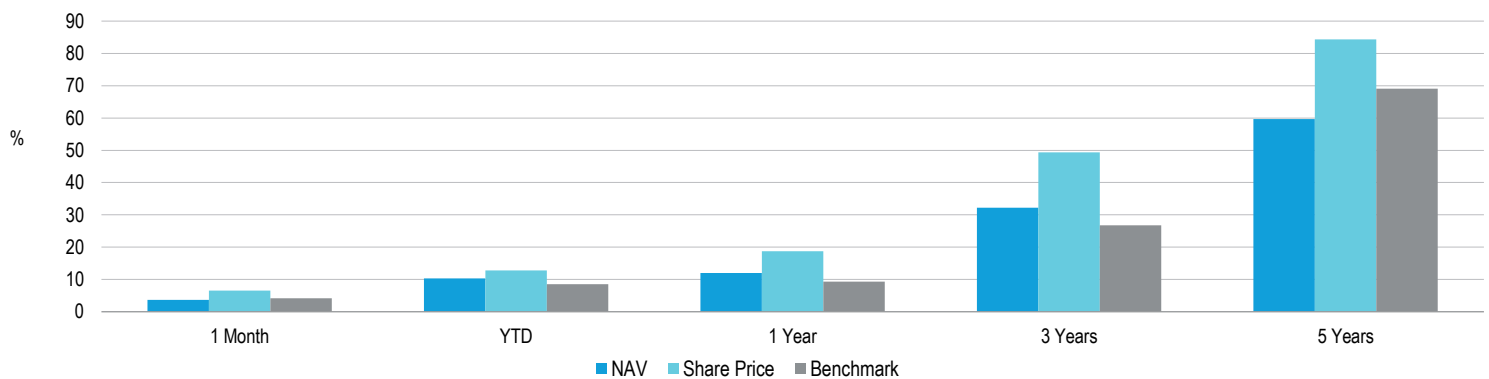
Key facts as at 31.05.2025

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:	£135.1 million
Share price:	106.00p
NAV:	103.56p
Discount/premium(-/+):	2.36%
Dividend payment dates:	Feb, May, Aug, Nov
Net yield†:	5.46%
Net gearing:	4.02%
Management fee rate**:	0.60%
Ongoing charges**:	1.04%
Year end:	31 March
Sector:	UK Equity Income
Currency:	Sterling
Website:	ctukhighincome.co.uk

**Please refer to the latest annual report for the calculation of ongoing charges and how the management fee is structured.

Fund performance as at 31.05.25



Cumulative performance as at 31.05.25 (%)

	1 Month	YTD	1 Year	3 Years	5 Years
NAV	3.70	10.27	12.01	32.18	59.68
Share price	6.53	12.83	18.77	49.37	84.38
Benchmark	4.14	8.57	9.35	26.79	69.03

Discrete annual performance as at 31.05.25 (%)

	2025/24	2024/23	2023/22	2022/21	2021/20
NAV	12.01	19.02	-0.85	-4.02	25.86
Share price	18.77	23.27	2.02	-0.91	24.57
Benchmark	9.35	15.44	0.44	8.27	23.13

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
HSBC	6.46	6.22	0.24	Financials
AstraZeneca	5.39	6.41	-1.02	Health Care
Shell	5.30	5.95	-0.65	Energy
Rio Tinto	3.96	1.88	2.08	Basic Materials
GSK	3.36	2.41	0.95	Health Care
Rolls Royce	3.36	2.94	0.42	Industrials
Legal & General Group	3.17	0.58	2.59	Financials
Imperial Brands	3.13	0.93	2.20	Consumer Staples
BAE Systems	3.00	2.30	0.70	Industrials
National Grid	2.81	2.04	0.77	Utilities

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

Total summary	% of investment portfolio
FTSE 100	79.44
FTSE 250	15.45
Non-Index	3.67
Overseas	0.81
AIM	0.63

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.

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	1.35
February	1.29	1.32	1.32	1.32	1.35
May	1.43	1.55	1.55	1.66	1.74
Total	5.30	5.45	5.51	5.62	5.79

All figures are subject to rounding.

To find out more visit columbiathreadneedle.com



All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets, unless stated otherwise.

†The aggregate distribution for the financial year to 31 March 2025 will be 5.79 pence per share. The yield is therefore calculated using a rate of 5.79 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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