

Annual Report and Financial Statements

CT UK High Income Trust PLC

For the year ended:
31 March 2025

Contents

| | | | |
|---|----|---|----|
| Overview | | | |
| Company Overview | 1 | Report of the Engagement and Remuneration Committee | 43 |
| Financial Highlights | 2 | Report of the Audit Committee | 44 |
| Summary of Performance | 3 | Directors' Remuneration Report | 48 |
| | | Statement of Directors' Responsibilities | 51 |
| Strategic Report | | Independent Auditor's Report | 52 |
| Chairman's Statement | 5 | Financial Report | |
| Purpose, Strategy and Business Model | 8 | Financial Statements | 60 |
| Key Performance Indicators | 10 | Notes to the Financial Statements | 64 |
| Manager's Review | 11 | AIFMD Disclosures | 79 |
| Manager's Investment Philosophy and Process | 14 | Notice of Meeting | |
| Classification of Investments | 16 | Notice of Annual General Meeting | 80 |
| Investment Portfolio | 17 | Other Information | |
| Responsible Investment | 19 | Capital Structure | 85 |
| Promoting the Success of the Company | 23 | Shareholder Information | 86 |
| Principal Risks and Uncertainties and Viability Statement | 25 | How to Invest | 87 |
| Principal Policies | 28 | Ten Year Record | 88 |
| Governance Report | | Alternative Performance Measures ('APMs') | 90 |
| Board of Directors | 30 | Glossary of Terms | 92 |
| Report of the Directors | 31 | Corporate Information | 94 |
| Corporate Governance Statement | 39 | | |
| Report of the Nomination Committee | 42 | | |

Financial Calendar

| | | |
|------------------------------------|--------------------------|-----------------|
| Annual General Meeting | | 28 July 2025 |
| First quarter's distribution paid | (XD Date 3 July 2025) | 1 August 2025 |
| Second quarter's distribution paid | (XD Date 2 October 2025) | 7 November 2025 |
| Announcement of Interim Results | | December 2025 |
| Third quarter's distribution paid | (XD Date 8 January 2026) | 6 February 2026 |
| Fourth quarter's distribution paid | (XD Date 9 April 2026) | 8 May 2026 |
| Announcement of Annual Results | | May 2026 |

Forward looking statements

This document 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 document. Nothing should be construed as a profit forecast.

Front cover image location: Isle of Skye. CT UK High Income Trust PLC does not have ESG or sustainable objectives.

Company Overview

CT UK High Income Trust PLC (the '**Company**') is an investment trust and its shares are listed on 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. The capital repayments are paid out of the special capital reserve and accordingly will only be able to be paid for so long as the amount of the special capital reserve remains sufficient. If and when this reserve is exhausted, the Articles of Association provide that all the Ordinary shares and all the B Shares automatically convert into Ordinary shares with identical rights.

Further information on the Company's capital structure is included on page 85 of this Annual Report and Financial Statements.

Visit our website at ctukhighincome.co.uk

The Company is registered in Scotland with company registration number SC314671
Legal Entity Identifier: 213800B7D5D7RVZZPV45

Financial Highlights

+13.5%

NAV total return⁽¹⁾

Net asset value total return per share for the financial year was +13.5%, compared to the total return of the Benchmark⁽²⁾ of +10.5%.

+25.0%

Ordinary share price total return⁽¹⁾

Ordinary share price total return per share for the financial year was +25.0%, compared to the total return of the Benchmark⁽²⁾ of +10.5%.

+24.0%

B share price total return⁽¹⁾

B share price total return per share for the financial year was +24.0%, compared to the total return of the Benchmark⁽²⁾ of +10.5%.

+26.6%

NAV total return⁽¹⁾ – Three year performance measurement period

Net asset value total return per share for the three year period ended 31 March 2025 was +26.6%, compared to the total return of the Benchmark⁽²⁾ of +23.3%

5.8%

Yield⁽¹⁾ on Ordinary shares

Distribution yield of 5.8% on Ordinary shares at 31 March 2025, compared to the yield on the FTSE All-Share Index of 3.5%. Total dividends increased by 3.0% to 5.79p per Ordinary share compared to the prior year.

6.0%

Yield⁽¹⁾ on B shares

Distribution yield of 6.0% on B shares at 31 March 2025, compared to the yield on the FTSE All-Share Index of 3.5%. Total capital repayments increased by 3.0% to 5.79p per B share compared to the prior year.

⁽¹⁾ Yield and total return – See Alternative Performance Measures on pages 90 and 91.

⁽²⁾ Benchmark – FTSE All-Share Index.

Sources: Columbia Threadneedle Investments and Refinitiv Eikon.

Summary of Performance

Total Return⁽¹⁾

| | Year to 31 March 2025 | Year to 31 March 2024 |
|--|-----------------------------|-----------------------------|
| Net asset value per Ordinary share and B share | +13.5% | +11.8% |
| Ordinary share price | +25.0% | +10.2% |
| B share price | +24.0% | +5.5% |
| Benchmark ⁽²⁾ | +10.5% | +8.4% |

Revenue and Distributions

| | Year to 31 March 2025 | Year to 31 March 2024 | % Change |
|---|-----------------------------|-----------------------------|----------|
| Distributions per Ordinary share and B share | 5.79p | 5.62p | +3.0% |
| Yield ⁽¹⁾ – Ordinary share | 5.8% | 6.7% | |
| Yield ⁽¹⁾ – B share | 6.0% | 6.7% | |
| Revenue earnings per share | 4.80p | 4.01p | +19.7% |
| Revenue reserve – per Ordinary share ⁽³⁾ | 3.49p | 2.77p | +26.0% |

Capital

| | 31 March 2025 | 31 March 2024 | % Change |
|--|------------------|------------------|----------|
| Net assets | £116.1m | £107.8m | +7.7% |
| Net asset value per Ordinary share and B share | 101.12p | 94.51p | +7.0% |
| FTSE All-Share Index | 4,623.62 | 4,338.05 | +6.6% |

Discount⁽¹⁾

| | | | |
|-----------------|-------|--------|--|
| Ordinary shares | -2.1% | -10.6% | |
| B shares | -4.1% | -11.6% | |

Gearing⁽¹⁾

| | | | |
|---------|------|-------|--|
| Gearing | 5.2% | 12.5% | |
|---------|------|-------|--|

Ongoing Charges⁽¹⁾

| | | | |
|--|-------|-------|--|
| as percentage of average shareholders' funds | 1.04% | 1.08% | |
|--|-------|-------|--|

⁽¹⁾ Total return, yield, discount, gearing and ongoing charges – see Alternative Performance Measures on pages 90 and 91.

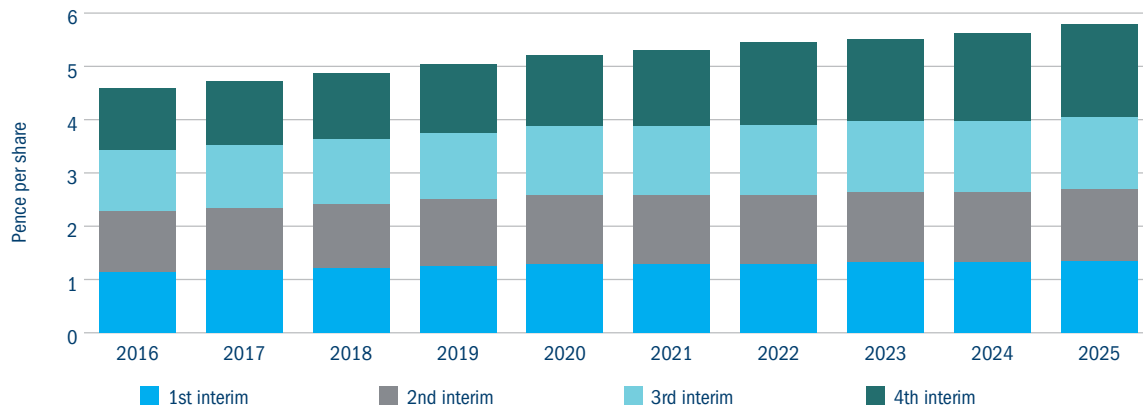
⁽²⁾ Benchmark – see definition on page 2.

⁽³⁾ Calculated after deducting the fourth interim dividend (which was paid after the year end) from the revenue reserve at 31 March.

Sources: Columbia Threadneedle Investments and Refinitiv Eikon.

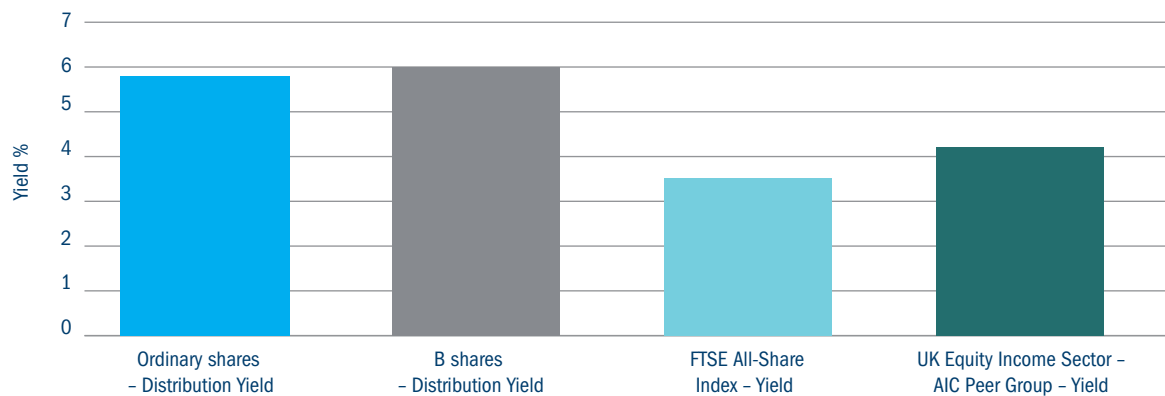
Annual dividends and Capital repayments

Growth in payments to shareholders
over last ten financial years



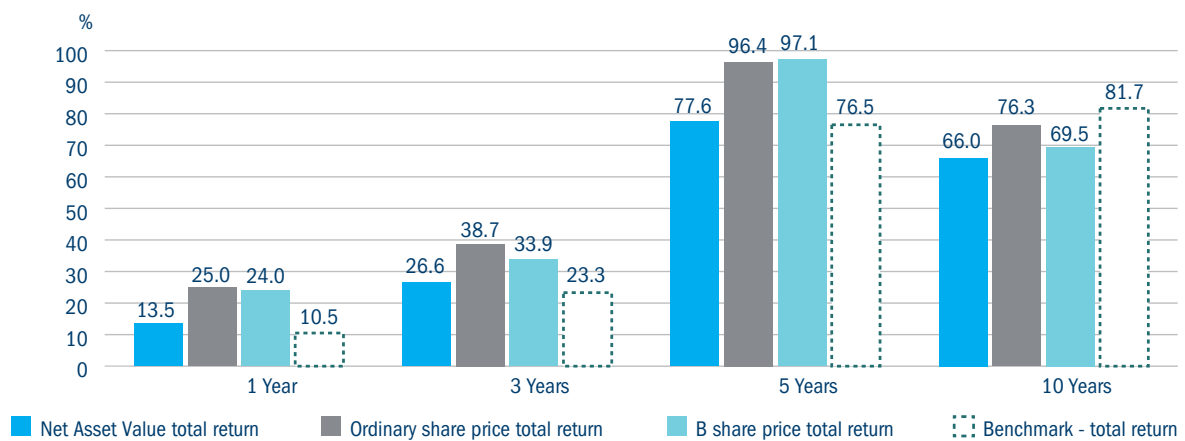
Source: Columbia Threadneedle Investments

Distribution yield compared to the Benchmark Index and Peer Group at 31 March 2025



Source: Refinitiv Eikon and AIC

Cumulative Performance to 31 March 2025



Sources: Columbia Threadneedle Investments and Refinitiv Eikon

Strategic Report

This Strategic Report, which includes pages 5 to 29 and incorporates the Chairman's Statement, has been prepared in accordance with the Companies Act 2006.

Chairman's Statement



“+25.0% and +24.0% share price total return for the financial year for the Ordinary shares and B shares respectively and outstanding three year NAV total return performance.”

Andrew Watkins, Chairman

I am pleased to present the annual results of CT UK High Income Trust PLC for the financial year ended 31 March 2025. Whilst I am frustrated and saddened to note that the geopolitical situation has not improved, I am delighted to be able to report on another successful year for shareholders under the expert stewardship of Portfolio Manager David Moss who has generated index-beating returns, an increase in dividends and capital repayments and is rebuilding the revenue reserve.

Under continued tension between Israel and Palestine and the senseless and seemingly endless war in Ukraine, it is remarkable that stock markets, in general, have performed as well as they have but, as I have inferred before, maintaining composure and staying alert to the two imposters of triumph and disaster – perhaps more commonly known as opportunities and risks in the investment world – calls for a high degree of competence and professionalism.

David has managed, once again, to maintain his focus and concentrate on producing growth in capital and dividends for shareholders. Over the last few years, the Board has employed the Company's revenue reserve to maintain and grow distributions, but this year, a transfer to the revenue reserve of £635,000 has been possible. After payment of the fourth interim dividend on 2 May 2025, the reserve stands at a healthy £2.9 million, representing 60% of the current annual dividend payout. Your Board has made the rebuilding of the revenue reserve a high priority and is delighted that this objective is being achieved whilst also increasing dividend payments to shareholders, now for the twelfth year in a row.

Performance

In the financial year to 31 March 2025 your Company produced a Net Asset Value (NAV) total return of +13.5% against a total return of +10.5% from the FTSE All-Share Index, the benchmark index. This is a very welcome and highly commendable outperformance of +3.0 percentage points against an index which can be hard to beat and performance is considered further in the Manager's Review. Gearing was maintained throughout the year and this was the correct call for most of the time. David has full discretion over levels of gearing and, as he explains in the Manager's Report that follows, gearing was reduced in the period after Christmas when disquiet over the potential damage to world trade by the Trump Tariff Tantrum and concerns over “what Donald might do next” unsettled stock markets. This proved a prudent decision.

Continuation Vote

Shareholders may recall that, at the 2022 Annual General Meeting, approval was granted of the Board's proposal to reduce the performance-measurement period from five years to three years. Consequently, if the Company's NAV total return performance is below the benchmark index over any such three-year period, shareholders will be offered a vote as to whether or not the Company continues. As a result, the latest performance measurement period was from 1 April 2022 to 31 March 2025.

I have already commended David for his management and performance over the last financial year but, even more impressively, he has produced an NAV total return over the three-year period ended 31 March 2025 of +26.6% against +23.3% from the benchmark index, an outperformance of +3.3 percentage points. The Board is delighted with this outperformance and, particularly so for the positive outcome it has generated for shareholders. As a result, there will be no requirement to offer a continuation vote at the 2025 AGM.

The present performance measurement period is 1 April 2025 to 31 March 2028.

Share Price Performance and Discount to NAV

At the financial year end, the Company's Ordinary share and B share prices stood at discounts to the net asset value of just -2.1% and -4.1% respectively, a welcome tightening since this time last year reflecting consistently improving performance and increased demand for the Company's shares. In response to this demand, 1,000,000 Ordinary shares were resold out of treasury, at a small premium to NAV to ensure no dilution for existing shareholders, making this Company one of only a handful that issued shares during the year. During the year 250,000 B shares were bought back for treasury at a discount to NAV of approximately 12%, which was also helpful for the ratio of Ordinary shares to B shares.

The average discount levels at which the Company's Ordinary shares and B shares traded relative to net asset value in the financial year were 5.5% and 9.6% respectively and it remains the Board's preference for the discounts to be in single figures whilst maintaining the balance of supply and demand in the market for both share classes on a daily basis. Consequently, the share price total return for the Ordinary shares and B shares was +25.0% and +24.0% respectively.

Dividends and Capital Repayments

As already mentioned, your Board recognises the importance of dividends to shareholders and has utilised the Company's revenue reserve to increase dividend payments to Ordinary shareholders in recent years although a significant transfer to reserves occurred this year. Total distributions to shareholders this year increased by 3.0% to 5.79p per share compared to the previous year. In the year to 31 March 2025, the revenue earnings per share increased by 19.7%. After payment of the fourth interim dividend on 2 May 2025, the revenue reserve is £2.9 million, representing 3.49p per Ordinary share.

Your Company has now increased its distributions to shareholders in each financial year since 2013. The total dividend/capital repayment for the year to 31 March 2025 represented a yield on the Ordinary shares and B shares of 5.8% and 6.0% respectively based on the Ordinary share price and B share price of 99.0p and 97.0p respectively at 31 March 2025.

B Shares

Holders of B shares will be aware that they have a right to receive capital repayments at the same time as, and in an amount equal to, each dividend paid in respect of Ordinary shares. These capital repayments are paid out of the special capital reserve for as long as this reserve remains sufficient. If and when this reserve is exhausted, the Company's Articles of Association provide that all Ordinary shares and all B shares automatically convert into Ordinary shares with identical rights, including the receipt of dividends, taxable as income, in place of previous capital repayments. The current estimate of the remaining life of this capital reserve is approximately three years.

Your Board is keeping this eventuality under review and will update all shareholders as appropriate. A fuller explanation of the Company's structure can be found on page 85.

Gearing

As at the end of the year under review, the Company had a total borrowing facility of £15 million through an unsecured Revolving Credit Facility with The Royal Bank of Scotland International Limited. Your Board believes that an investment company should use gearing to enhance returns to shareholders whenever possible and encourages the Portfolio Manager to use his discretion accordingly. As at the year end, this facility had been fully drawn down, of which £9.5m was held in cash.

Annual General Meeting (AGM)

The AGM will be held at 11am on 28 July 2025 at Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG. It is an opportunity for shareholders to engage with the Board and Manager and I hope you will be able to attend.

Outlook

I see from my comments last year that my optimism about inflation and interest rates was misplaced. Global tensions have continued and there's no doubt that more recent concerns over the tariff wars disrupting trade have contributed to the tricky economic situation in which the new Labour Government now finds itself. One must concede that the Government has a lot on its plate at the moment but some of the domestic issues it now faces are partly due to the Chancellor's decisions in the autumn budget and the largesse she immediately bestowed upon the striking train drivers and doctors. Don't for one minute think this has settled the problem permanently as this is likely to have merely strengthened their resolve to come back for more this year, and for other unions to follow suit. Additionally, there is already evidence that increasing the National Insurance contribution paid by employers is likely to dampen hiring over the medium term, reduce profits and stunt economic growth.

Similarly, I think the Bank of England has been extremely slow in recognising the cost difficulties faced in the “real world” by businesses and households, focusing almost solely on the 2% inflation target rather than easing the burden with lower interest rates. The Bank of England did reduce the key interest rate by 0.25% at its May meeting but, barring an *annus horribilis*, rates must come down further and faster this year, regardless of the predictable and almost inevitable variations in the monthly inflation numbers.

So, I've painted a very merry and upbeat picture, haven't I? In fact, I am far more optimistic than this suggests but stating a few simple facts does highlight the constant hurdles that need to be addressed and overcome by investment managers when constructing portfolios with the specific intent of producing positive capital returns and growing dividends for shareholders. It is no easy task to remain consistently focused when so much is going on but your Board has great faith in Portfolio Manager David Moss and confidence that his good work will continue.

The Company's portfolio is in good shape, given all the variables. Gearing has been deployed successfully and sensibly over several years and having at the Portfolio Manager's disposal a wholly flexible borrowing facility means that an optimum level can be maintained and quickly finessed as required. Your Board encourages David to use his discretion accordingly in this respect and firmly believes that such a benefit of the closed-end structure of an investment company offers significant advantages to shareholders.

As ever, thank you for being a shareholder in CT UK High Income Trust PLC. Your support is very much appreciated and I look forward to the year ahead.

Andrew Watkins
Chairman
29 May 2025

Purpose, Strategy and Business Model

Purpose and Strategy

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

The investment objective 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. We do this by investing predominantly in UK equities and equity related securities of companies across the market capitalisation spectrum. Our wider strategy is to promote the Company as a compelling investment choice through all available channels.

Business Model

CT UK High Income Trust PLC is a listed closed-end investment company and carries on business as an investment trust. As an investment company with no employees, the Directors believe that the best way of meeting their duty to promote the success of the Company and achieving its investment objective for the benefit of stakeholders is to work closely with its appointed Manager. The Board has contractually delegated the management of the investment portfolio, and other services, to Columbia Threadneedle Investment Business Limited (the '**Manager**') which is owned by Columbia Threadneedle Investments, the global investment management business of Ameriprise Financial, Inc. ('**Ameriprise**') a company incorporated in the United States. Within policies set and overseen by the Directors, the Manager has been given overall responsibility for the management of the Company's assets, gearing, stock selection and risk management.

As a listed closed-end investment company, the Company is not constrained by asset sales to meet redemptions. The Company's capital structure provides the flexibility to take a longer term view and to remain invested while taking advantage of volatile market conditions. Having the ability to borrow to invest is a significant advantage over a number of other investment fund structures. These features combine to form a resilient and adaptable business model.

The Company's Board of non-executive Directors is responsible for the overall stewardship and governance of the Company and how it promotes the success of the Company is set out on pages 23 and 24. The Board's biographical details can be found on page 30. The Company has no executive Directors or employees.

The Board remains responsible for decisions over corporate strategy, corporate governance, risk and control assessment, setting policies as detailed on pages 28 and 29, setting limits on gearing and monitoring investment performance.

Alignment of Values and Culture

In addition to strong investment performance from our Manager, we expect it to adhere to the very highest standards of Responsible Investment, transparency, corporate governance and business ethics and that its values and culture align with our own. As a founder signatory to the United Nations Principles for Responsible Investment ('**UNPRI**'), Columbia Threadneedle Investments continues to perform well in the 2024 UNPRI assessment and compared to peers for key areas of its responsible investment approach and active ownership in listed equities. The Manager has a culture of diversity, collaboration and inclusion, anchored by shared values in keeping with the Board's own expectations and beliefs.

In line with this culture and our shared values, we aim to pursue our strategy and objective through the consistent application of the very highest standards of transparency, corporate governance and business ethics.

Responsible Investment

The direct impact of the Company's activities on the community or environment is minimal as it has no employees, premises, physical assets or operations, either as a producer or a provider of goods and services, and it does not have customers in the traditional sense. Consequently, it does not directly generate any greenhouse gas or other emissions or pollution. The Company's indirect impact occurs through its investments and this is mitigated by the Manager's Responsible Investment approach as explained on pages 19 to 22.

The Manager

A summary of the investment management agreement is contained in note 4 to the financial statements. The Manager also acts as the Alternative Investment Fund Manager ('**AIFM**') under the Alternative Investment Fund Managers Directive ('**AIFMD**') and provides ancillary functions such as administration, marketing, accounting and company secretarial services to the Company.

David Moss acts as the Portfolio Manager ('Portfolio Manager') to the Company, on behalf of the Manager. David has 29 years' industry experience, the majority of them in managing assets on behalf of a wide variety of clients, including investment trusts. He is supported in carrying out research and in the selection of stocks by a team of investment professionals. Details of the Manager's investment philosophy and process are set out on pages 14 and 15.

Manager Evaluation

Investment performance and responsible ownership are fundamental to delivering the investment objective for shareholders and therefore an important responsibility of the independent non-executive Board of Directors is the robust annual evaluation of the Manager. This evaluation is an essential element of strong governance and mitigation of risk. The process for the evaluation of our Manager's performance and its capabilities and resources for the period under review, which was conducted by the Engagement and Remuneration Committee, and the basis on which the re-appointment decision was made, is set out on page 43.

Investment Policy

The Company's investment policy is set out on page 28 and an analysis of the investment portfolio is contained on pages 16 to 18.

Any material change to the investment policy of the Company will only be made with shareholder approval.

Managing Risks and Opportunities

We seek to make effective use of our corporate structure and the investment opportunities that lead to long-term growth in capital and income for our shareholders. These opportunities do not come without risks.

The Company's principal risks and uncertainties that could threaten its objective, strategy and performance, and how the Board manages such risks, are set out in detail on pages 25 and 26. The risk of not achieving the Company's objective, or of consistently underperforming its benchmark or competitors, may arise from any or all of inappropriate investment strategy, poor market conditions, the use of gearing, insufficient monitoring of costs and service provider issues.

The performance of our Manager is monitored at each Board meeting on a number of levels. At each Board meeting it reports on the Company's investment portfolio, performance, recent portfolio activity, market outlook, revenue and expense forecasts, internal control procedures, any errors, marketing, shareholder and other stakeholder issues including the prices of the Company's shares relative to NAV, together with accounting and regulatory updates. The Board also considers compliance with the investment policy, investment restrictions and borrowing covenants. In addition to managing the investments, ancillary functions such as administration, marketing, accounting and company secretarial services are also carried out by the Manager.

In addition to monitoring our Manager's performance, capabilities, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include JPMorgan Chase Bank, the Custodian, and JPMorgan Europe Limited, the Depositary, in their duties towards the safeguarding of the Company's assets.

Review of Performance and Outlook

The principal policies that support our investment and business strategy are set out on pages 28 and 29. Shareholders can assess our financial performance from the Key Performance Indicators ('KPIs') that are set out on page 10.

The Chairman's Statement on pages 5 to 7 and the Manager's Review on pages 11 to 13, both of which form part of this Strategic Report, provide a review of the Company's returns and market conditions during the financial year, the position of the Company at the year end, and the outlook for the coming year.

In light of the Company's strategy, investment processes and control environment (relating to both the oversight of its service providers and the effectiveness of the risk mitigation activities), the Board has set out its viability assessment and statement on page 27 and its reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Stakeholder Communication and Marketing

The Company fosters good working relationships with its key stakeholders; such as the Manager, shareholders, bankers and other key service providers. The Board works closely with the Manager to ensure optimal delivery of the Company's investment proposition through all available channels and, together, we remain focused on promoting the success of the Company.

The Company welcomes the views of all shareholders and places great importance on communication with them. In addition to the annual and half-year reports that are available for shareholders, monthly fact sheets and additional information are included on the Company's website at ctukhighincome.co.uk.

Whenever the Manager holds meetings with the Company's larger shareholders, these are reported on to the Board. The Chairman and other Directors are available to meet shareholders if required. In addition, meetings are held with current and prospective shareholders and analysts covering the investment trust sector.

The Annual General Meeting of the Company provides a forum, both formal and informal, for all shareholders to meet and discuss issues with the Directors and Manager of the Company.

Through the Manager, we also make sure the investors through its Savings Plans are encouraged to vote at the AGM in addition to those who hold their shares on the main shareholder register. Details of the voting results on each resolution are published on the Company's website.

Key Performance Indicators

The Board recognises that it is the distribution level of the Ordinary shares and B shares together with the longer term share price performance that is most important to the Company's investors. Share price performance is driven largely by the performance of the net asset value.

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators ('KPIs') (also referred to as Alternative Performance Measures) are set out below. Additional comments are provided in the Chairman's Statement and the Manager's Review discussing the performance of the Company during the current year.

Total return⁽¹⁾ performance to 31 March 2025

| | 1 Year % | 3 Years % | 5 Years % | 10 Years % | |
|--|----------|-----------|-----------|------------|---|
| Net asset value per Ordinary share and B share | 13.5% | 26.6% | 77.6% | 66.0% | This measures the Company's share price and NAV total returns (which assumes dividends/capital repayments paid by the Company have been reinvested), relative to the benchmark. |
| Ordinary share price | 25.0% | 38.7% | 96.4% | 76.3% | |
| B share price | 24.0% | 33.9% | 97.1% | 69.5% | |
| Benchmark ⁽²⁾ | 10.5% | 23.3% | 76.5% | 81.7% | |

Distribution Yield⁽¹⁾%

| Financial year to 31 March | 2025 % | 2024 % | 2023 % | |
|-------------------------------|--------|--------|--------|--|
| Ordinary shares | 5.8 | 6.7 | 6.7 | This shows the Company's distribution yield at the year-end relative to the benchmark. |
| B shares | 6.0 | 6.7 | 6.5 | |
| Yield on FTSE All-Share Index | 3.5 | 3.8 | 3.6 | |

Average discount⁽¹⁾ to NAV

| During the financial year to 31 March | Ordinary shares % | B shares % | |
|---------------------------------------|-------------------|------------|---|
| 2025 | -5.5 | -9.6 | This is the average difference between the share price and the NAV per share during the financial year. |
| 2024 | -6.9 | -5.2 | |
| 2023 | -7.5 | -4.3 | |

Ongoing charges ratio⁽¹⁾

| As at 31 March | % | |
|----------------|------|--|
| 2025 | 1.04 | This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of average net assets. |
| 2024 | 1.08 | |
| 2023 | 1.02 | |

⁽¹⁾ See Alternative Performance Measures on pages 90 and 91 for explanation.

⁽²⁾ Benchmark – see definition on page 2.

Sources: Columbia Threadneedle Investments and Refinitiv Eikon.

Manager's Review



David Moss, Portfolio Manager

In last year's review we discussed how equity markets had been driven by the consequences of the Covid response i.e. a spike in inflation and a corresponding sharp rise in interest rates. We had hoped that this year the main topic would be the subsequent reversal of these trends – a backdrop that would have been a positive one from an economic perspective. Unfortunately, while the Bank of England and other central banks have cut rates, stickier than hoped inflation together with other issues has meant that the cuts have been less than anticipated and certainly for the UK, longer term rates have stayed at high levels.

When we refer to other issues, we primarily mean politics which has probably been the biggest driver of markets with elections in the last year in the UK but also France, the US and latterly in Germany. For most of 2024, the biggest influence on the performance of UK equities was July's UK election and the subsequent actions of the newly elected Labour government. After the continual volatility and uncertainty of the last Conservative government it is, perhaps in hindsight, not surprising that the British people gave the Labour party such a resounding majority. Hopes were high that a new government could be a force for growth. Unfortunately, the positivity didn't last long with the Labour party embarking on a summer campaign of continually reminding us of the challenges facing the country. While this did little to help investor or business confidence, the new government's first budget drew significant criticism. Having made clear commitments around not raising income or National Insurance contributions for individuals, the new Chancellor argued that public finances were in such a state that a rise in employer National Insurance contributions was required. This combined with reduced thresholds elsewhere proved unpopular.

If the impact of the UK election wasn't enough, we had the US election in November 2024 with President Trump returning for a second term in the White House. We were somewhat surprised to see the strong positive market reaction to the result given that some of the pre-election rhetoric was decidedly market unfriendly in our view. We have seen tangible evidence of this

with the new Administration's actions on tariffs since our year end in March. Much has been made of 'US exceptionalism' which appeared to be an attempt to justify lofty valuations in the US market. The announcement by Chinese AI company DeepSeek that they could get similar results to ChatGPT at a fraction of the cost hurt companies associated with data centres and AI. Sharp share price falls were witnessed. It is arguable that President Trump's actions of late have further hurt the attractiveness of the US to investors – both in terms of tariff announcements but also by the shifting attitudes towards NATO partners and the big change in approach to negotiations around ending the war in Ukraine. This can only help the UK as an investment destination and investors in Europe were positively surprised by the speed of actions of German politicians when they acted to change their fiscal rules before the new government assumed control. The UK is, of course, not in the European Union but remains a key partner of Europe and with German spending likely to be several hundreds of billions of euros over several years we believe all European countries can benefit.

Performance

Despite all of the turmoil, UK equities delivered positive performance in the year to 31 March 2025, with the FTSE All-Share delivering a total return of +10.5%. We are pleased to say that the Company also had another positive year and strongly outperformed the benchmark with an NAV total return of +13.5%.

While sector allocation was positive (principally by not owning anything in the beverages sector) the dominant contributor to the outperformance was strong stock selection. Pleasingly our stock choices were positive across several sectors for example emphasising **Imperial Brands** over **BAT** in tobacco, favouring **Shell** over **BP** in oil & gas and **Rolls-Royce** in aerospace & defence. **Rolls-Royce** also helped income generation after it returned to the dividend paying list for the first time in many years. Another notable positive was our biggest single contributor **NatWest** which produced consistently strong results during the year despite the lacklustre economic backdrop.

Specialist buy to let lender **OSB Group** was also notable after it overcame issues that plagued it in the previous year together with Irish housebuilder **Cairn Homes** which had another strong year as it benefited from being the biggest player in a strong housing market, desperately short of new quality stock. The other positive worth mentioning was **Hargreaves Lansdown** which after a period of poor performance was taken over by private equity firm CVC. The acquisition was another example that highlighted how corporate investors recognised the low valuation of UK shares.

Portfolio Activity

While activity was substantially lower than the previous year, we still exited several positions and added new ones. While we – like Warren Buffet – believe that ‘the best holding period is forever’ we will trade when believing it is advantageous for our shareholders. This could be because we see limited further upside in a held name but will most often be because we find another opportunity that is more compelling. It may be that a new holding offers greater scope for upside, or it pays a higher dividend yield or even serves to enhance diversification of income streams within the portfolio. While we remain a holder in **Cairn Homes** for example, we have a smaller position than we did a year ago as a very strong share price enabled us to lock-in gains and re-invest elsewhere in opportunities offering a higher level of income. One of our biggest additions was to buy **HSBC** at a valuation we deemed attractive and with a dividend yield (at purchase) around double the market. The business has made significant progress on simplifying operations by selling the French and Canadian retail businesses, returning this capital to shareholders and re-investing in the long-term growth area of Asian Wealth Management. The addition was part funded by reducing positions in other banks where performance had been strong and the yields lower. In the UK we sold our position in housebuilder **Vistry** after they decided to move to returning the majority of cash to shareholders via share buyback rather than dividend. Correspondingly, we switched into fellow housebuilder **Taylor Wimpey** given the attraction of its dividends. While we do expect share buybacks to form an increasing part of shareholder returns, we do not anticipate the **Vistry** action to be widespread as this reflects their more unique US shareholder base. One other notable switch was selling Irish building materials company **CRH** and then the subsequent purchase of smaller UK listed peer **Breedon Group**. **CRH** had performed very strongly for us since purchase and **Breedon** was significantly cheaper and with a higher dividend yield. In many ways **Breedon** reminds us of **CRH** 30 years ago – they have a strong position in Ireland, a good position in the UK (albeit in a weak market) and have a nascent position in the US – a market we expect to grow strongly in the coming years. Hence **Breedon** is a great example of a smaller

UK business where we can receive good levels of income now, due to the attractive entry price and believe we can look forward to many years of growth.

We aim to offer shareholders the prospect of capital growth as well as a high level of income and lower yielding stocks that we have added to the portfolio include defence company **BAE Systems** and financial data business **Experian**. One positive impact of the new US President is to make Europe realise they need to spend more on their own defence, a fact also true of the UK. As a global leading provider of defence equipment **BAE Systems** is well placed, in our view, to benefit from what is likely to be a multi-decade increase in defence spending and **Experian** as a leading financial data platform in the Americas will see an accelerating growth profile, rising margins and free cashflow as proprietary data becomes ever more valuable. We sold out of equally low dividend stocks such as accountancy software companies **Sage Group** and French electrical equipment company **Schneider Electric** after very strong performance left valuations looking demanding.

The changing nature of electricity generation is putting tremendous pressure on the grid and **National Grid**, the listed company which manages the UK’s electricity grid, has to invest enormously in the coming years to be able to deal with these changes. Importantly as a highly regulated entity the return that **National Grid** earns on these investments is decided by the regulator and is therefore highly visible. When **National Grid** then raised equity to help it fund future investment we took advantage of a weaker share price to start a position. **National Grid** pays an attractive dividend now but importantly the visibility it has on its allowed returns means we can be confident in this dividend growing well into the future.

Our view has consistently been that the ability to utilise leverage is a key positive of Investment Trusts and that we will look to be structurally leveraged, rather than utilising the borrowing facility to take tactical views on the market. That said as the famous quote goes “when the facts change, I change my mind” and after a strong 2024 and a good start to the year we did reduce our leverage in the first quarter of 2025. We were hesitant to believe the widely accepted view that President Trump’s new administration would again be positive for markets, as many of the comments and potential policies seemed to us negative, with the US in a very different debt position this time, in an economy that was already slowing. At the very least we expected volatility to increase which of course has come to pass. This was a temporary reduction in leverage and we have used our borrowing facility to re-invest as markets have come down but our net borrowing remains below our maximum at this point, alive to the opportunities we expect to see in the weeks and months ahead.

Outlook

High interest rates together with persisting concerns on the UK economy and the government's borrowing requirements will likely be key determinants of UK equity performance in the year ahead. In the near term however, it is likely that the single biggest driver of all markets will be US tariffs and the impact of these on businesses across the globe. As always what is most important for us is the quality of companies we invest in and the price we pay rather than any economic outcome. That said, few of our investee companies operate in isolation and must be able to function efficiently in an uncertain environment. We do though, still expect inflation and interest rates to fall albeit at a slower pace and this should still be helpful for equities. We remain positive on domestically focused businesses with the UK consumer in better shape than many believe and many of these companies more resilient to tariffs. Helpfully, a slowing US economy, doubts as to whether the huge spending on AI will ever deliver a significant return, together with uncertainty provided by the Trump presidency, have caused more investors to question valuations in the US. We (and others) have written extensively about the low relative valuation of the UK market but thus far this view appears to have gone broadly unnoticed.

While not an investment rationale in itself, there would only need to be a modest increase in UK equity allocations by global investors for positive impetus to be generated. In the meantime, we can invest in companies that have the levels of dividends we need to meet our shareholder requirements not because they are weak or low returning businesses, but because they are in an out of favour market – the UK – and typically in out of favour sectors. The result is that these companies can pay high dividends now but also appear well placed to grow income payments in the future. Dividends grew 4% last year in the UK, and we would expect more growth this coming 12 months. It is likely though that share buybacks will again grow more than dividends as companies recognise that buying their own shares at low valuations represents a very attractive way to generate shareholder returns. Lastly, as we have increasingly seen, if investors don't recognise the low valuations of UK companies, acquirors will, whether corporate or private equity.

David Moss

Portfolio Manager

Columbia Threadneedle Investment Business Limited

29 May 2025

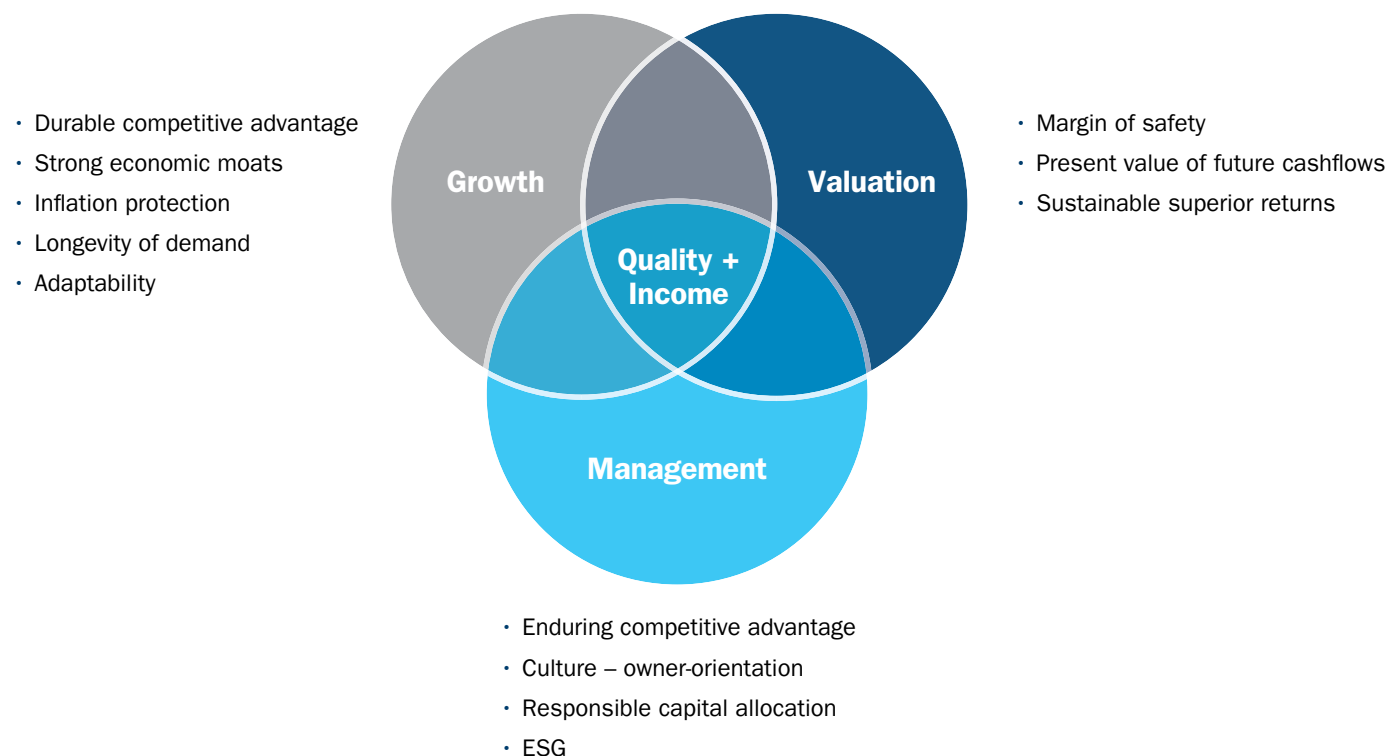
Manager's Investment Philosophy and Process

We believe investment markets can be inefficient and that 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 the intrinsic value of a business.

By investing in such companies at attractive prices, superior investment performance can be generated. In particular, we believe those companies that can compound returns at sustainably high rates over many years tend to be undervalued by the market. 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 that 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 the high returns generated by our holdings 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.

The Investment Process focuses on Three Aspects for Each Company



Risk is often seen as the flipside of return. The standard economic and business academic approach to risk measures it in terms of volatility. Sharp upward moves in share prices are seen as just as “risky” as an equivalent downward move. This is not really a measure that 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 is a thorough assessment of the sustainability of the company's competitive position and 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 Environmental, Social and Governance ('ESG') issues that face the company and its responses to them which is fully integrated into our process and valuation analysis. More detail is given on pages 19 to 22. 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 investing, we ascertain that 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.

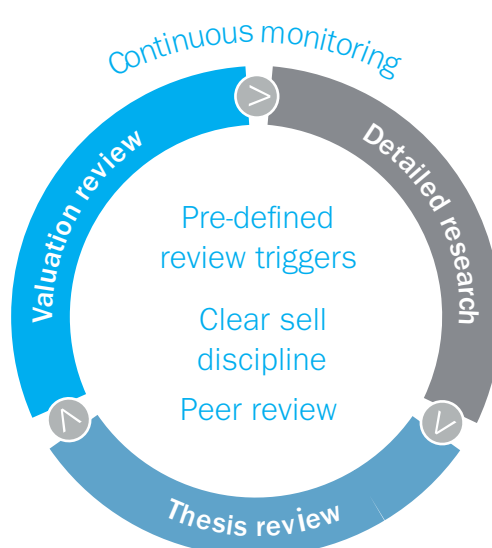
Our research is conducted in-house, which is peer reviewed by the wider investment team prior to any purchase decision. This ensures the benefit of shared knowledge and experience is brought to bear on each investment. The progress of the company and its share price will then be continually monitored with in-depth reviews and retesting of the original investment thesis particularly if the company or its share price don't 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; continual 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.

David Moss
Portfolio Manager
29 May 2025

Implementation of the Investment Process

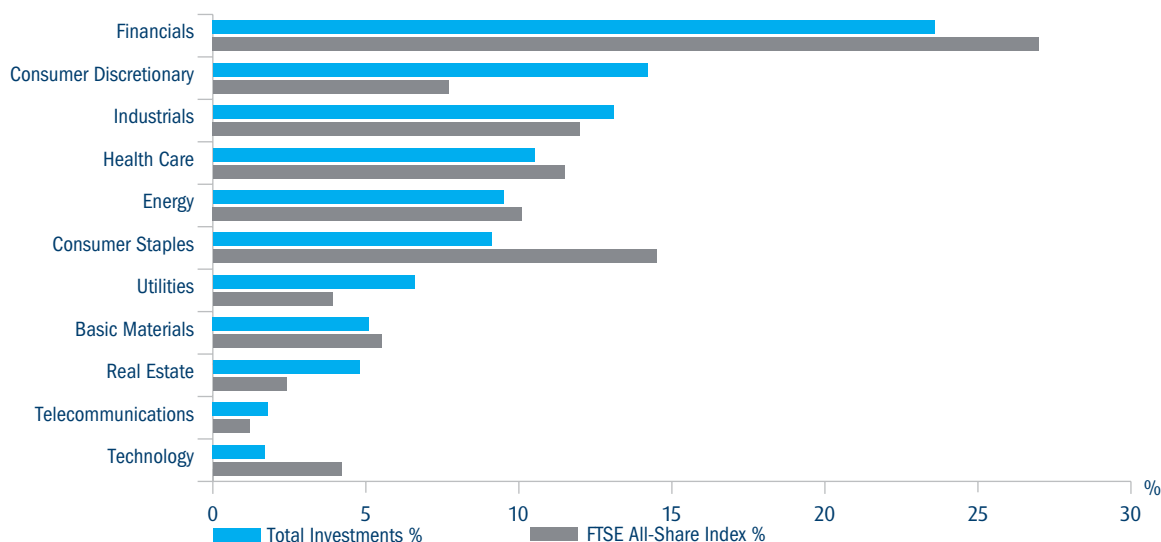


Classification of Investments

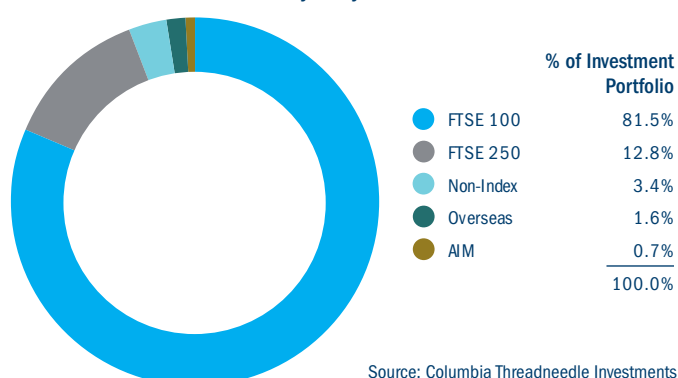
The following table and chart shows, at 31 March 2025, the percentage weightings by industry classification benchmark ('ICB') industry of the investment portfolio in comparison to the FTSE All-Share Index.

Investment Portfolio by ICB Industry

| ICB Industry | % Total investments | % FTSE All-Share Index |
|------------------------|---------------------|------------------------|
| Financials | 23.6 | 27.0 |
| Consumer Discretionary | 14.2 | 7.7 |
| Industrials | 13.1 | 12.0 |
| Health Care | 10.5 | 11.5 |
| Energy | 9.5 | 10.1 |
| Consumer Staples | 9.1 | 14.5 |
| Utilities | 6.6 | 3.9 |
| Basic Materials | 5.1 | 5.5 |
| Real Estate | 4.8 | 2.4 |
| Telecommunications | 1.8 | 1.2 |
| Technology | 1.7 | 4.2 |
| Total | 100.0 | 100.0 |



Investment Portfolio analysis by Index as at 31 March 2025



Source: Columbia Threadneedle Investments

Investment Portfolio

At 31 March 2025

| Company (ICB Industry – Sector) | Market Value 31 March 2025 £'000 | % of Total Investments |
|---|--|------------------------------|
| HSBC (Financials – Banks) The Hong Kong based UK listed bank is one of the largest global financial institutions with very strong positions in Hong Kong, the UK and Global Wealth Management. Over the long run we expect good growth from the Chinese market where it has the strongest position amongst Western listed banks. | 8,440 | 6.9 |
| Shell (Energy – Oil, Gas and Coal) A leading international oil exploration, production and marketing group. Historically, Shell and its peers struggled to generate consistently good returns on capital, but the combination of better cash generation and much greater capital discipline is driving higher returns. | 8,339 | 6.8 |
| AstraZeneca (Health Care – Pharmaceuticals and Biotechnology) AstraZeneca is a major international pharmaceutical company which has consistently been one of the most innovative companies in the UK. Its pipeline of new drugs is proving successful and producing strong growth now, with more potential further out. | 7,072 | 5.8 |
| Unilever (Consumer Staples – Personal Care, Drug and Grocery Stores) Unilever is one of the world's largest personal care businesses with brands such as Dove, Persil and Lynx. Under a new CEO, the company has begun to reinvest in its brands through research and development and marketing and is starting to see the benefits in better volume growth, well ahead of its competitors. | 5,386 | 4.4 |
| Rio Tinto (Basic Materials – Industrial Metals and Mining) Rio Tinto is a diversified international mining company with very strong positions in iron ore and aluminium and has been investing heavily in copper where demand should grow over many years due to the demands from electrification. | 5,150 | 4.2 |
| GSK (Health Care – Pharmaceuticals and Biotechnology) GSK is a global manufacturer and marketer of pharmaceutical products. Post the spin-off of the over-the-counter healthcare business GSK is a pure play pharmaceutical company, with strong positions in areas such as vaccines and HIV treatment, and is starting to see a return in growth from its R&D investment. | 4,078 | 3.3 |
| Imperial Brands (Consumer Staples – Tobacco) Imperial Brands 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. | 3,986 | 3.3 |
| Legal & General Group (Financials – Life Insurance) Legal & General is one of the UK's leading financial services groups. The market leader in the pension buy-out market in the UK, this market is expected to provide strong growth for several years. Despite this growth, Legal & General pays out a high dividend to shareholders. | 3,862 | 3.2 |
| Rolls Royce (Industrials – Aerospace and Defense) Rolls-Royce has been unconnected with the luxury cars for many years but is now one of the world's leading engine manufacturers for widebody long haul aircraft and has a strong position in the nascent market for small modular nuclear reactors that the UK amongst other countries is considering as part of the solution to meet future energy needs. In recent years Rolls has hugely increased reliability of its engines increasing time in the air and driving a big increase in cash generation and the payment of only its second dividend in over a decade. | 3,688 | 3.0 |
| National Grid (Utilities – Gas, Water and Multi-utilities) National Grid is the operator of the UK's electricity grid with similar operations in some US states. There is a huge need to invest in grid infrastructure to be able to meet the growing demand for power and its supply by renewables. National Grid has recently raised approx. £7 billion from shareholders to fund that investment to the end of the decade. As a regulated utility National Grid earns a guaranteed return on this investment enabling the company to grow dividends to shareholders as well as invest in the grid. | 3,385 | 2.8 |
| Ten Largest Investments | 53,386 | 43.7 |

At 31 March 2025

| Company | ICB Industry – Sector | Market Value 31 March 2025 £'000 | % of Total Investments |
|--------------------------------------|--|---|---------------------------------------|
| Compass Group | Consumer Discretionary – Consumer Services | 3,306 | 2.7 |
| BP | Energy – Oil, Gas and Coal | 3,247 | 2.7 |
| RELX | Consumer Discretionary – Media | 3,219 | 2.7 |
| Supermarket Income REIT | Real Estate – Real Estate Investment Trusts | 3,211 | 2.6 |
| Phoenix Group | Financials – Life Insurance | 3,196 | 2.6 |
| NatWest | Financials – Banks | 2,842 | 2.3 |
| BAE Systems | Industrials – Aerospace and Defense | 2,769 | 2.3 |
| Londonmetric Property | Real Estate – Real Estate Investment Trusts | 2,691 | 2.2 |
| Lloyds Banking Group | Financials – Banks | 2,601 | 2.1 |
| Experian | Industrials – Industrial Support Services | 2,406 | 2.0 |
| Twenty Largest Investments | | 82,874 | 67.9 |
| Pearson | Consumer Discretionary – Media | 2,384 | 1.9 |
| Pennon Group | Utilities – Gas, Water and Multi-utilities | 2,341 | 1.9 |
| SSE | Utilities – Electricity | 2,302 | 1.9 |
| Persimmon PLC | Consumer Discretionary – Household Goods & Home Construction | 2,242 | 1.8 |
| Smurfit Westrock | Industrials – General Industrials | 2,208 | 1.8 |
| OSB Group | Financials – Finance and Credit Services | 2,179 | 1.8 |
| BT | Telecommunications – Telecommunications Service Providers | 2,163 | 1.8 |
| Ibstock | Industrials – Construction and Materials | 2,112 | 1.7 |
| Standard Chartered | Financials – Banks | 1,911 | 1.6 |
| Dunelm Group | Consumer Discretionary – Retailers | 1,885 | 1.5 |
| Thirty Largest Investments | | 104,601 | 85.6 |
| M&G | Financials – Investment Banking & Brokerage Services | 1,770 | 1.5 |
| British American Tobacco | Consumer Staples – Tobacco | 1,713 | 1.4 |
| Cairn Homes | Consumer Discretionary – Household Goods & Home Construction | 1,668 | 1.4 |
| ConvaTec Group | Health Care – Medical Equipment and Services | 1,619 | 1.3 |
| Taylor Wimpey | Consumer Discretionary – Household Goods & Home Construction | 1,498 | 1.2 |
| Breedon Group | Industrials – Construction and Materials | 1,428 | 1.2 |
| Rotork | Industrials – Electronic & Electrical Equipment | 1,366 | 1.1 |
| Intermediate Capital | Financials – Investment Banking & Brokerage Services | 1,180 | 1.0 |
| WPP | Consumer Discretionary – Media | 1,114 | 0.9 |
| ASM International | Technology – Technology Hardware and Equipment | 1,090 | 0.9 |
| Forty Largest Investments | | 119,047 | 97.5 |
| Victrex | Basic Materials – Chemicals | 1,067 | 0.9 |
| SAP | Technology – Software and Computer Services | 930 | 0.7 |
| Burford Capital | Financials – Investment Banking & Brokerage Services | 846 | 0.7 |
| Investors Securities Company Limited | N/A (subsidiary undertaking) | 250 | 0.2 |
| Total Investments | | 122,140 | 100.0 |

Responsible Investment

Responsible Investment

The Company does not have ESG or sustainable objectives. However, as part of its overall risk management process, the Manager integrates the consideration of financially material environmental, social and governance ('ESG') factors into its research and investment process and encourages stronger ESG practices to be adopted by issuers through its engagement and voting activities. We believe investing responsibly is fundamental to long-term wealth creation.

Our Approach

We believe that good financial outcomes are more likely to be achieved if the Manager fully understands the risks and opportunities that relate to the markets in which the Company invests.

The Manager believes the consideration of financially material ESG factors can provide an important perspective to its investment research. Companies demonstrating a resilient business model, organisational stability, and the ability to evolve are best placed to deliver long-term value, support economic growth, and serve broader prosperity. Financially material ESG factors are therefore integrated into the Manager's investment process.

There are two strands to the Board's approach to responsible investment:

- The Company's own responsibilities on matters such as governance; and
- ESG integration, engagement and proxy voting made on its behalf by its Manager.

The Company's compliance with the AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 39 to 41. In addition, the Principal Policies statement on pages 28 and 29 notes the Company's policies towards board diversity and tenure, integrity and business ethics, UK financial sanctions and prevention of the facilitation of tax evasion.

Active Ownership

The Manager engages with the management of investee companies on ESG factors that could have a material impact on their businesses and, where necessary, encourages improvement in management practices that it believes could help drive financial returns for clients.

The Manager's active ownership activities are supported by policies on corporate governance, proxy voting, engagement and investment strategy-specific policies, as well as respective addendums on how to manage potential conflicts of interest. These documents support and inform the Manager's engagement and voting activities on behalf of its clients and are available on its website.

The Manager's Corporate Governance Guidelines set out its expectations of the management of investee companies in terms of good corporate governance. This includes the affirmation of responsibility for reviewing internal ethics policies and maintaining a code of conduct reflecting corporate values and promotion of ethical business practices. Codes of conduct should address business-critical compliance issues including anti-corruption practices. The Manager is a founding 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 the consideration of financially material ESG factors into its investment processes.

ESG and the Investment Process

The Manager has tools which use data from many sources to enhance and inform the integration of ESG considerations into investment research, portfolio construction and risk monitoring. Key tools include:

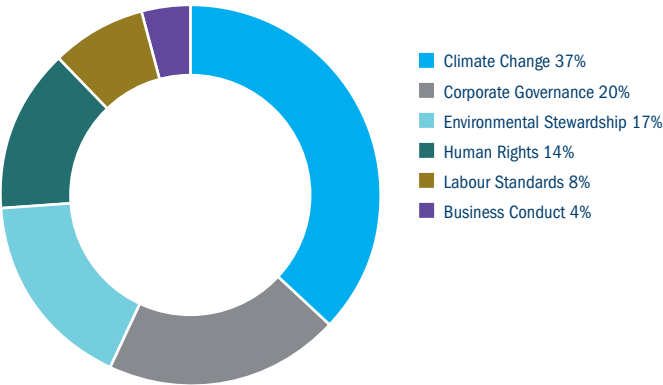
- ESG materiality ratings;
- Sustainable Development Goals ('SDG') mapping tool;
- Net zero framework;
- Good governance model;
- Exclusions framework; and
- Controversy rating.

These tools mark a starting point for the Manager's ESG assessment. The Portfolio Manager works with the sustainable research analysts to ensure that those performing the work on individual investment opportunities for the Company are well informed in what to look for in relation to the ESG aspects of their analysis. Specialism within the global sustainable research team allows the fund managers to liaise with those who understand the key ESG issues relating to a particular sector.

Engagement

During the year ended 31 March 2025, the Responsible Investment team engaged 32 times with management in 19 companies in the investment portfolio, across 3 countries. Following its engagement, the Manager recorded 2 improvements in their ESG policy, management systems or practices. The most common areas for discussion were Net Zero, followed by Energy Transition and Biodiversity. Analysis of this engagement follows.

2025 engagement analysis



Source: Columbia Threadneedle Investment Business Limited

| Engagement examples in the reporting period | |
|---|--|
| <p>Breedon Group (Industrials – Construction and Materials)</p> <p>Issue: Climate Change</p> <p>SDG target(s): 13.2 Climate Action</p> | <p>Advancing carbon pricing strategy while navigating policy uncertainty</p> <p>Breedon Group is a leading construction materials company operating two cement plants, one in Northern England and one in Ireland. As the cement and construction materials sector faces increasing pressure to decarbonize, the company must navigate the UK and EU’s evolving carbon pricing regime. Starting next year, the EU are set to begin phasing in the EU Carbon Border Adjustment Mechanism (‘CBAM’) – which will place a gradually increasing carbon tariff on imports of cement – and at the same time phase out free carbon emission allocations to the blocks cement sector. The UK is proposing a similar carbon border tariff, set to start in 2027. This changing carbon pricing picture (which will essentially increase the cost of producing cement) presents both risks and opportunities for Breedon. We engaged with the company to understand how they are managing these challenges.</p> <p>We held multiple engagements with Breedon in early 2025, including discussions with the Senior Independent Director (‘SID’) and Head of Sustainability. The company demonstrates active engagement with UK government on CBAM, advocating for aligning the UK and EU border tariff timelines. Breedon’s transition strategy centres on increasing the sale and production of the Breedon Balance product range (which have advanced sustainability attributes) in the short term, while pursuing net-zero emissions at their two cement plants via CCS post-2030. They are active participants in the UK’s Peak Cluster Carbon Capture and Storage (‘CCS’) project, which is targeting 2030 for its first operations. For CCS, while the technology exists, realistic timelines, continued government support and clear funding structures remain key priorities to get projects from pilot phases to scalable implementation.</p> <p>Overall, we think that Breedon demonstrates meaningful engagement with carbon pricing mechanisms and a clear understanding of the strategic implications for their business. Their active participation in policy discussions and investment in decarbonization initiatives, shows commitment to managing transition risks. Regardless, planning challenges and policy uncertainty remain due to the capital intensity of decarbonizing cement production. We will continue to monitor progress on their transition strategy implementation and development of net-zero timelines.</p> |

Engagement examples in the reporting period

Smurfit Westrock (Industrials – General Industrials)

Issue: Environmental Stewardship and Climate Change

SDG target(s): 13.2 Climate Action, 15.5 Life on Land

An update on sustainable forestry and community engagement in Colombia

Smurfit Westrock is an Irish-American supplier of paper-based packaging. The company is vertically integrated, spanning forestry assets (mainly in Colombia), mills and plants, and is one of the largest paper and board producers in the world. We conducted a two-day site visit to Smurfit Westrock's forestry assets and pulp mill in Colombia, accompanied by the company's Chief Sustainability Officer. The visit aimed to assess the company's sustainable forestry practices, community engagement efforts, and the environmental and social impacts of its operations.

During the visit, we toured Smurfit Westrock's forest research unit, forestry plantations, and the Cali pulp plant. We witnessed the company's scientific rigor and collaborations with universities in forestry research. The company's forest plantations were established on old cattle pastures; we saw evidence that the establishment of forest played an important role in controlling soil erosion. Additionally, we toured the new biomass boiler under construction at the Cali plant, which will replace coal. We encouraged the company to ensure that any third-party sourced biomass is certified. From a social perspective working with local communities, we also visited two primary and secondary schools funded by Smurfit Westrock in the local area. Alumni from these schools are often recruited into Smurfit Westrock roles, providing employment opportunities in impoverished regions of Colombia.

We were impressed by Smurfit Westrock's sustainable forestry practices, community engagement efforts, and the scope of the mill revamp in Cali. In particular, we were pleased to see the improvements that Smurfit has made on its management of operational impacts on biodiversity, which has been a focus of our engagement for the past two years. The company has taken on board our recommendations and is appraising some of the environmental DNA (eDNA) providers we suggested they could use. These providers can sample water courses for DNA shed by local species to quickly and efficiently identify endangered species in the vicinity of forestry assets. Moving forward we will focus our engagement on ensuring that the company sustainably sources feedstocks for the biomass boiler, and continues to maintain productive relationships with local indigenous communities.

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. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights and reports to the Board on its voting record. The Manager will vote on all investee company resolutions.

The Manager is a signatory of the UK Stewardship Code. Its statement of compliance can be found on the Manager's website at www.columbiathreadneedle.com.

We expect the Company's shares to be voted on all holdings where possible. During the financial year, the Manager voted at **41** meetings of investee companies held by the Company. The Manager did not support management's recommendations on at least one resolution at approximately **20%** of all meetings. With respect to all items voted, the Manager supported over **98%** of all management resolutions. One of the most contentious voting issues remained remuneration. Either by voting against or abstaining, the Manager did not support **7%** of all management resolutions relating to pay, often due to either poor disclosure or a misalignment of pay with long-term performance.

Climate Change

The Manager recognises the importance of managing financially material climate-related risks and opportunities effectively in its investment and stewardship processes. The energy transition, driven by government policies and technological advancements, creates both opportunities and risks for investee companies. Sustainability Research analysts work with the wider fundamental research team to embed these opportunities and risks into the Manager's investment process. As potential real-world impacts of climate change become more apparent, attention is being directed to the physical risks and the need to appraise the resilience of issuers to these risks.

In June 2024, the Manager published its updated Climate Report. The report, which is available on the Manager's website, details how the Manager manages financially material climate-related risks and opportunities, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD').

In accordance with the regulations set by the Financial Conduct Authority, the Manager has published disclosure specific to the Company's portfolio. This provides data on the portfolio's carbon footprint and the largest individual contributors to the carbon footprint by individual issuer and sector, in addition to its weighted average carbon intensity ('WACI'). This is available on the Document Library page of the Company's website at www.ctukhighincome.co.uk.

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 8, the Company is an externally managed investment company and has no employees, customers or premises.

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.

As set out on page 8, the Board's principal working relationship is with the Manager which is responsible for the management of the Company's assets in line with the investment objective and policy set by the Board. The Manager also provides ancillary functions such as administration, marketing, accounting and company secretarial services to the Company and acts as the AIFM.

The Board works closely with the Manager and oversees the various matters which have been delegated to it, and to ensure the Company's daily operations run smoothly for the benefit of all shareholders. The portfolio activities undertaken by our Manager are set out in the Manager's Review on pages 11 to 13.

While the Company's direct impact on the community and environment is limited, its indirect ESG impact occurs through the businesses in which it invests. The Board gives effect to this through the Manager's Responsible Investment approach which is set out on pages 19 to 22. 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 43.

In addition to the Company's shareholders, Manager and bankers, other key stakeholders include its service providers such as the Custodian and Depositary, Broker and Registrar. The Board receives regular reports from the Company's key service providers on an ongoing basis and evaluates them to ensure expectations on service delivery are met.

The Board places great importance on communication with shareholders and further information is set out on page 9.

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

- **Dividends/capital repayments.**
The Board recognises that the distribution levels on the Company's shares are important to shareholders. Following the payment of the fourth interim dividend and capital repayment, dividends/capital repayments total 5.79p per share for the financial year to 31 March 2025. This represents an increase of 3.0% compared to the prior year. In recent years and since the start of the COVID-19 pandemic in 2020, the Company has made use of some of its revenue reserve to help supplement revenue earnings to pay dividends when there was a shortfall in revenue income. It has been a key objective of the Board and Manager to return to a covered dividend and to rebuild the revenue reserve. In the year to 31 March 2025 the revenue earnings per share increased by 19.7% in comparison to the prior year, and £635,000 was transferred to the revenue reserve. At 31 March 2025, the yield on the Ordinary shares and B shares was 5.8% and 6.0% respectively, as compared to the yield on the FTSE All-Share Index of 3.5% at that time.

- **Continuation measurement period**

At the 2022 Annual General Meeting, approval was granted by shareholders to reduce the five year performance period (which was stipulated in the Company's Articles of Association) to three years, over which the Company's performance against the FTSE All-Share Index is measured. Therefore should the net asset value total return of the Ordinary shares not be equal to or greater than the total return performance of the FTSE All-Share Index for the three years to 31 March 2025, an ordinary resolution, that the Company continues in existence, would be required to be put to shareholders at the forthcoming 2025 Annual General Meeting. Should the performance hurdle not be met, this change would allow shareholders an opportunity to consider the life of the Company sooner than otherwise would have been the case. The latest three year performance measurement period ran to 31 March 2025 and as the Company's net asset value total return outperformed the total return of the FTSE All-Share Index over this period, such a resolution will not be required to be put to shareholders at the forthcoming 2025 Annual General Meeting. The next such performance period will run for the three years to 31 March 2028.

- **Retail investors**

A significant proportion of the Company's shareholders are retail investors who invest through savings or execution-only platforms. These include those who invest through the Manager's 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. Now that Child Trust Fund accounts, are reaching maturity, the Manager's objective is to retain as many of these young investors as possible. The Manager writes to their parents ahead of the account maturity dates explaining the options and opportunities available to them. Once 18, the young investor receives communications on options available to them, and then on a quarterly basis, if needed, reminded when their valuation statement is issued. Retention rates are currently in line with expectations. The Manager remains committed to its savings plans and its relationship with its customers and has invested significantly in its offering to enhance digital capabilities in order to meet its customers' expectations.

- **Institutional shareholders, wealth managers and IFAs**

The Manager has a team dedicated to fostering good relations with institutional shareholders, wealth managers and independent financial advisers and keeping investors regularly informed, with the aim of promoting the Company's investment proposition and improving the rating of the Company's share prices. This team organises meetings with these parties as well as preparing webinars, interviews and videos which are shared through various media channels. The team gathers feedback and answers any queries in relation to the Company and its investment strategy. Feedback from these activities is reported to the Board.

- **Share issuance and buybacks**

The Board believes that the ability to issue and buy back shares is in the interests of all shareholders as it helps to reduce the volatility in the premium or discount of the Company's share prices relative to the NAV. During the year, the Company sold 1,000,000 Ordinary shares from treasury at an average premium to NAV of 1.5%. This helps to enhance the NAV for ongoing shareholders and to grow the size of the Company and allows operating costs to be spread over a wider shareholder base for the benefit of all shareholders. During the year, 250,000 B shares were bought back for treasury at an average discount of approximately 12% to the prevailing NAV, thereby providing an accretion to the NAV per share. These shares are held in treasury and are available to be resold at a price not less than NAV in future.

Principal Risks and Uncertainties and Viability Statement


As an investment company, investing primarily in listed securities, most of the Company's principal risks and uncertainties that could threaten the achievement of its objective, strategy, future performance, liquidity and solvency are market-related.



A summary of the Company's risk management and internal controls arrangements is included within the Report of the Audit Committee on pages 44 to 47. By means of the procedures set out in that summary, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Board also considers emerging risks which might affect the Company and related updates from the Manager on such risks are also considered. During the year significant and emerging risks included the outlook for inflation, ongoing macroeconomic and geopolitical concerns, and the impact on financial markets of US trade tariffs. Any emerging risks that are identified and that

are considered to be of significance would be included on the Company's risk register with any mitigations. These significant risks, emerging risks and other risks are regularly reviewed by the Audit Committee and the Board. The Audit Committee and the Board have also regularly reviewed the effectiveness of the Company's risk management and internal control systems for the period.

The principal risks and uncertainties faced by the Company, and the Board's mitigation approach, are described below.

Note 21 to the financial statements provides detailed explanations of the risks associated with the Company's financial instruments and their management.

| Principal Risks and Uncertainties | Mitigation |
|---|--|
| <p>Investment performance risk Inappropriate strategy, asset allocation, stock selection, (in the context of the market, economic or geopolitical backdrop) and the use of gearing could all lead to poor returns for shareholders including impacting the capacity to pay dividends.</p> <p> Increase in overall risk given macroeconomic and geopolitical concerns and market uncertainty.</p> | <p>The Company's objective and investment policy and performance against peers and the benchmark are considered by the Board at each meeting and strategic issues are considered regularly.</p> <p>The Board regularly considers the composition and diversification of the Investment Portfolio (which comprises listed securities) and considers individual stock performance together with purchases and sales of investments. Investments and markets are discussed in detail with the Manager on a regular basis.</p> <p>The Manager's approach to Responsible Investment is explained on pages 19 to 22.</p> <p>As a closed-end investment company, it is not constrained by asset sales to meet redemptions so can remain invested through volatile market conditions and is well suited to investors seeking longer term returns.</p> <p>The Board regularly considers ongoing charges combined with underlying dividend income from portfolio companies and the consequent dividend paying capacity of the Company.</p> |

| Principal Risks and Uncertainties | Mitigation |
|---|--|
| <p>Legal and regulatory risk</p> <p>Breach of regulatory rules could lead to the suspension of the Company's stock exchange listing, financial penalties, or a qualified audit report. Breach of section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains.</p> <p> No change in overall risk</p> | <p>The Board liaises with advisors to ensure compliance with laws or regulations.</p> <p>The Manager and its Operational Risk team provide regular reports to the Board and Audit Committee on their monitoring and oversight of such rules and are reviewed by the Board. This includes the conditions to maintain investment trust status including the income distribution requirement.</p> <p>The Board has access to the Manager's Head of Operational Risk and requires any significant issues directly relevant to the Company to be reported immediately.</p> |
| <p>Third party service delivery and cyber risks</p> <p>Failure of the Manager as the Company's main service provider or disruption to its business, or that of an outsourced or third party service provider, could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets leading to a potential breach of the Company's investment mandate or loss of shareholders' confidence.</p> <p>The risk includes failure or disruption as a consequence of external events such as the COVID-19 pandemic.</p> <p>External cyber attacks could cause such failure or could lead to the loss or sabotage of data.</p> <p> No change in overall risk during the year</p> | <p>The Board meets regularly with the management of the Manager and its Operational Risk team to review internal control and risk reports, which includes oversight of its own third party service providers. During the year, the Audit Committee also met with a representative of the Manager's internal audit function to discuss the outcome of its recent projects and planned activities. The Manager's appointment is reviewed annually and the contract can be terminated with six months' notice. The Manager has a business continuity plan in place to ensure that it is able to respond quickly and effectively to an unplanned event that could affect the continuity of its business.</p> <p>The Manager has outsourced certain functions to State Street Bank and Trust Company ('State Street') and supervision of such third party service providers, including the administrator of the Manager's savings plans, has been maintained by the Manager. This includes the review of IT security and heightened cyber threats.</p> <p>The Manager also closely monitors the performance of its technology platform to ensure it is functioning within acceptable service levels.</p> <p>The Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets and cash and holdings are reconciled to the Custodian's records. The Custodian's internal controls reports are also reviewed by the Manager and key points reported to the Audit Committee. The Board also receives periodic updates from the custodian on its own cyber-security controls.</p> <p>The Depositary is specifically liable for loss of any of the Company's assets that constitute financial instruments under the AIFMD.</p> |

Viability assessment and statement

In accordance with the UK Corporate Governance Code, the Board is required to assess the future prospects for the Company and considered that a number of characteristics of the Company's business model and strategy were relevant to this assessment:

- The Board looks to long-term outperformance rather than short-term opportunities.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested predominantly in liquid listed equity securities and that the level of borrowing is restricted.
- The Company is a listed closed-end investment trust, whose shares are not subject to redemptions by shareholders.
- Subject to shareholder continuation votes, in the event that the net asset value total return performance of the Company is less than that of the FTSE All-Share Index over the relevant period, the Company's business model and strategy is not time limited. The latest performance measurement period for this purpose was the three years to 31 March 2025 and as the Company's net asset value total return outperformed the total return of the FTSE All-Share Index over this period, an ordinary resolution, that the Company continues in existence, will not be required to be put to shareholders at the forthcoming 2025 Annual General Meeting. The next such performance measurement period will run for the three years to 31 March 2028.

Also relevant were a number of aspects of the Company's operational arrangements:

- The Company retains title to all assets held by the Custodian under the terms of a formal agreement with the Custodian and Depositary.
- The borrowing facility, which remains available until September 2025, is also subject to a formal agreement, including financial covenants with which the Company complied in full during the year.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board Meeting.
- Cash is held with banks approved and regularly reviewed by the Manager.
- The operational robustness of key service providers and the effectiveness of alternative working arrangements.
- Alternative service providers could be engaged at relatively short notice if necessary.

In considering the viability of the Company, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's objective

and strategy, future performance and solvency. This included the impact of market volatility and a significant fall in equity markets on the Company's investment portfolio. These risks, their mitigations and the processes for monitoring them are set out on pages 25 and 26 on Principal Risks and Uncertainties, on pages 44 to 47 in the Report of the Audit Committee and in note 21 of the financial statements.

The Directors also considered:

- The level of ongoing charges incurred by the Company which are modest and predictable and total 1.04% of average net assets (at 31 March 2025).
- Future revenue and expenditure projections.
- The Company's ability to meet liquidity requirements given its investment portfolio is invested predominantly in readily realisable listed equity securities which can be realised if required.
- The ability to undertake share buy-backs if required.
- Whether the Company's objective and investment policy continue to be relevant to investors.
- The effect of significant future falls in investment values and the ability to maintain dividends and capital repayments, particularly given the uncertainty in markets and macroeconomic and geopolitical concerns.

These matters were assessed over a three year period to May 2028, and the Board will continue to assess viability over three year rolling periods.

As part of this assessment the Board considered stress tests and scenarios which considered the impact of severe stock market volatility on shareholders' funds and declines in income over a three year period. The results demonstrated the impact on the Company's net assets and its expenses and its ability to meet its liabilities over that period and adhere to its financial covenants.

A rolling three year period represents the horizon over which the Directors believe they can form a reasonable expectation of the Company's prospects, balancing the Company's financial flexibility and scope with the current outlook for longer-term economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to May 2028.

Principal Policies

Investment Policy

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

The objective will be to achieve a total return in excess of that of the FTSE All-Share Index. The Manager will approach investment portfolio construction with the aim of maintaining a diversified portfolio with approximately 40 holdings at any given time. No single investment in the portfolio may exceed 10 per cent of the Company's gross assets at the time of purchase. In addition, the Manager expects few individual holdings to exceed five per cent of the Company's gross assets at the time of purchase. There are no maximum levels set for exposures to sectors.

Income may be enhanced from the investment portfolio by writing call options, but only where the portfolio has an existing holding and the holding is greater than the amount of stock subject to the call option. The percentage of the portfolio that may be used to generate call premium is limited to 5 per cent by value at any one time. The Company may use derivatives for efficient portfolio management from time to time.

The Company has the power under its Articles of Association to borrow an amount up to 100 per cent of the Company's Adjusted Capital and Reserves. The Directors currently intend that the aggregate borrowings of the Company will be limited to approximately 20 per cent of the Company's gross assets immediately following drawdown of any new borrowings. The Directors will however retain flexibility to increase or decrease the level of gearing to take account of changing market circumstances and in pursuit of the Company's investment objectives.

As required by the UK Listing Rules, the Company has a policy to invest no more than 15 per cent of gross assets in other listed investment companies.

The Company's Benchmark

The Company's benchmark is the FTSE All-Share Index.

Gearing Policy

As explained in the Investment Policy, the Company has the flexibility to borrow and the Board has set a gearing limit. The Board receives recommendations on gearing levels from the Manager and it is responsible for setting the gearing range within which the Manager may operate.

The Company has a £15 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited, which is available until 28 September 2025 and is described in more detail in the notes to the financial statements. At 31 March 2025, borrowings totalling £15 million had been drawn down.

Dividend/Capital Repayment Policy

Within the Company's investment objective is the aim to provide an attractive return to shareholders in the form of dividends and/or capital repayments.

In determining dividend payments, the Board takes account of income forecasts, brought forward revenue reserves, prevailing inflation rates, the Company's dividend payment record and the Corporation Tax rules governing investment trust status. Dividends can also be paid from capital reserves where the balance on this reserve is positive. At the same time as dividend payments are made to Ordinary shareholders, capital repayments of the same amount are made to B shareholders from the special capital reserve. Risks to the dividend policy have been considered as part of the Principal Risks and Uncertainties and Viability statement on pages 25 to 27 and include financial risks leading to a deterioration in the level of income received by the Company or a significant change to the Company's regulatory environment.

Dividends/capital repayments are currently paid quarterly in August, November, February and May.

In the financial year to 31 March 2026 the Board is strongly minded to try and maintain the annual level of dividend/capital repayment.

Buy-backs/Discount Policy

Share buy-backs help reduce the volatility of the discount and enhance the net asset value per share for continuing shareholders.

While the Directors will at all times retain discretion over whether or not to repurchase shares, it will be the Company's policy, in the absence of unforeseen or extreme circumstances and subject to the aim of maintaining the Ordinary share: B share ratio within the range (72.5% : 27.5% and 77.5% : 22.5%), to repurchase shares of either class when there are net sellers and the market price stands at a discount to net asset value of 5% or more. The Board may, if it considers it to be in the best interests of the Company, amend this ratio from time to time. However, the Board will always be mindful of any impact on the level of revenue available for the Ordinary shares. Shares will not be bought back at a premium to net asset value. Shares which are bought back by the Company may be cancelled or may be held in treasury. There is no limit on the amount of shares the Company can hold in treasury. Shares held in treasury may be resold at a price not less than the net asset value per share.

UK Financial Sanctions and Prevention of the Facilitation of Tax Evasion

The Board is fully committed to complying with all legislation, regulation and relevant guidelines including those relating to the UK financial sanctions regime in the context of the Company's business and also the UK's Criminal Finances Act 2017, designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company operates. Professional advice is sought as and when deemed necessary.

Taxation

The policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines.

The Company has received approval from HMRC as an investment trust under Section 1158 of the Corporation Tax Act 2010 ('Section 1158') and has since continued to comply with the eligibility conditions such that it does not suffer UK Corporation Tax on capital gains. The Manager ensures that the Company submits correct taxation returns annually to HMRC; settles promptly any taxation due; and claims back, where possible, taxes suffered in excess of taxation treaty rates on non-UK dividend receipts.

Board Diversity and Tenure

The Board is composed solely of non-executive Directors and its approach to the appointment of non-executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds. The Board is conscious of the diversity targets set out in the UK Listing Rules and the Board complies with the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. The Board will always appoint the best qualified person for the role and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional or socio-economic background. As each of the Audit Committee, the Engagement and Remuneration Committee and the Nomination Committee comprise all of the Directors, the diversity policy applied to the Board generally applies equally to each of the Company's committees. The Board is committed to maintaining the highest levels of corporate governance in terms of independence and would normally expect the Directors to serve for a nine-year term although this may be adjusted for reasons of flexibility and continuity.

In accordance with UK Listing Rule 6.6.6R(9), (10) and (11) the Board is required to disclose on a 'comply or explain' basis whether it has met the following targets: (i) at least 40 per cent of the Board should be women; (ii) at least one of the senior Board positions should be held by a woman; and (iii) at least one member of the Board should be from a minority ethnic background. The Board has provided the information set out in the following tables in relation to diversity; the data for which has been obtained through the completion of questionnaires by the individual Directors. As is shown, the Company does not meet the targets. The Company's Board, with four non-executive directors, is relatively small which makes achieving these targets more challenging.

Board Gender as at 31 March 2025⁽¹⁾

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board ⁽³⁾ |
|-------------------------------------|-------------------------|-------------------------|--|
| Men | 3 | 75% | 2 |
| Women | 1 | 25 ⁽²⁾ | - |
| Not specified/ prefer not to say | - | - | - |

⁽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 which does not have the roles of CEO or CFO.

⁽²⁾ This does not meet the UK Listing Rules target of 40%.

⁽³⁾ The senior positions on the Board consist of the Chairman and the Senior Independent Director. The position of the Chairman of the Audit Committee is held by a woman however this is not currently defined as a senior position under the UK Listing Rules.

Board Ethnic Background as at 31 March 2025⁽¹⁾

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board ⁽³⁾ |
|--|-------------------------|-------------------------|--|
| White British or other White (including minority-white groups) | 4 ⁽²⁾ | 100% | 2 |
| Mixed/Multiple Ethnic Groups | - | - | - |
| Asian/Asian British | - | - | - |
| Black/African/Caribbean/Black British | - | - | - |
| Other ethnic group | - | - | - |
| Not specified/ prefer not to say | - | - | - |

⁽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 which does not have the roles of CEO or CFO.

⁽²⁾ This does not meet the UK Listing Rules target of at least 1 individual from a minority ethnic background.

⁽³⁾ The senior positions on the Board consist of the Chairman and the Senior Independent Director.

Integrity and Business Ethics

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

The Strategic Report, contained on pages 5 to 29, has been approved by the Board of Directors.

By order of the Board
For Columbia Threadneedle Investment Business Limited
Company Secretary
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
29 May 2025

Board of Directors



Andrew Watkins

Chairman of the Board and Nomination Committee

Appointed on 29 June 2017 and as Chairman on 20 July 2022.

Experience and contribution: He has worked in the financial services industry for over 45 years and was head of Client Relations for investment trusts at Invesco from 2004 until his retirement in June 2017. He is a Member of The Chartered Institute for Securities and Investment.

Other appointments: Andrew is currently a non-executive director and chairman of Ashoka India Equity Investment Trust plc and a non-executive director of Chelverton UK Dividend Trust PLC, Baillie Gifford European Growth Trust plc and Consistent Unit Trust Management Company Limited.



Helen Galbraith

Chairman of the Audit Committee

Appointed on 6 May 2020 and as Chairman of the Audit Committee on 27 July 2021.

Experience and contribution: Helen has over 25 years' experience in the Insurance and Asset Management industry as Head of Investor Relations at Aviva plc, Head of Global Equities at Aviva Investors and managing UK equities as Investment Director at Standard Life Investments. Helen is the founder of Moneyready, an online financial education platform for young people. She is a Chartered Financial Analyst.

Other appointments: Helen is currently a non-executive director of Schroder UK Mid Cap Fund PLC and Invesco Global Equity Income Trust plc and a non-executive director and Chair of Orwell Housing Association.



Stephen Mitchell

Senior Independent Director and Chairman of the Engagement and Remuneration Committee

Appointed on 6 May 2020 and as Senior Independent Director on 20 July 2022 and as Chairman of the Engagement and Remuneration Committee on 2 December 2020.

Experience and contribution: He has worked in investments for 45 years, most recently as a global equity specialist, previously on Japanese and Asia-Pacific equities. He worked at Flemings then JPMorgan Asset Management and Private Bank for 24 years, subsequently at Caledonia Investment Trust running a global equity income fund and then Jupiter Asset Management. Latterly he also covered investment strategy and multi-asset allocation.

Other appointments: Stephen is currently a Trustee of National Trust for Scotland and chair of its investment committee, and a member of the investment committee at Westminster Almshouses.



Angus Pottinger

Non-Executive Director

Appointed on 24 November 2022.

Experience and contribution: He has worked in financial services for over 35 years, including most recently 22 years in Invesco's investment trust team, where he was Head of Investment Company Services, specifically in charge of accounting, company secretarial and administration functions. Prior to that he was a corporate broker at Merrill Lynch.

Other appointments: Angus is currently a trustee of the Invesco UK pension scheme and a director of Boardforms Limited, a provider of board evaluation services.

All Directors are members of the Audit Committee, the Engagement and Remuneration Committee and Nomination Committee.
No Director holds a directorship elsewhere in common with other members of the Board.

Report of the Directors

The Directors submit the Annual Report and Financial Statements of the Company for the year to 31 March 2025. The Directors' biographies, Corporate Governance Statement, the Report of the Nomination Committee, the Report of the Engagement and Remuneration Committee, the Report of the Audit Committee and the Directors' Remuneration Report form part of this Report of the Directors.

Statement Regarding Annual Report and Financial Statements

The Directors consider that, following a detailed review and advice from the Audit Committee, the Annual Report and Financial Statements for the year to 31 March 2025, 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 Committee reviewed the draft Annual Report and Financial Statements for the purpose of this assessment and, in reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment industry in general and investment companies in particular. The outlook for the Company can be found on pages 6, 7 and 13. Principal risks and uncertainties can be found on pages 25 and 26 with further information in note 21 to the financial statements. There are no instances where the Company is required to make disclosures in respect of UK Listing Rule 6.6.1R(3).

Results and Dividends

The results for the year are set out in the financial statements on pages 60 to 78. The return to shareholders was £14,043,000.

The Company has paid quarterly interim dividends in the year ended 31 March 2025 as follows:

Interim Dividend Payments

| | Payment date | Rate per Ordinary share |
|-------------------------|-----------------|-------------------------|
| Fourth interim for 2024 | 3 May 2024 | 1.66p |
| First interim for 2025 | 2 August 2024 | 1.35p |
| Second interim for 2025 | 1 November 2024 | 1.35p |
| Third interim for 2025 | 7 February 2025 | 1.35p |

Dividend payments in the prior year ended 31 March 2024 are set out in note 9 to the financial statements.

A fourth interim dividend of 1.74p per Ordinary share was paid on 2 May 2025 to Ordinary shareholders on the register at close of business on 4 April 2025. This dividend, together with the first three interim dividends of 1.35p per Ordinary share paid during the year, make a total dividend for the financial year to 31 March 2025 of 5.79p per Ordinary share. This represents an increase of 3.0% over the 5.62p per Ordinary share paid in respect of the previous financial year.

At the same time as dividend payments are made to Ordinary shareholders, capital repayments of the same amount are made to B shareholders from the special capital reserve.

As set out in the Company's dividend/capital repayment policy on page 28, payments are made quarterly and the Company does not currently pay a final dividend that would require formal shareholder approval at the AGM. This enables the fourth interim dividend/capital repayment to be made in May and earlier than would be possible if classed as a final dividend/capital repayment and subject to shareholder approval at the AGM in July.

As an alternative, the Board proposes to seek formal shareholder approval at the AGM, and in future years, to continue quarterly payments (**Resolution 9**).

Principal Activity and Status

The Company is registered in Scotland as a public limited company in terms of the Companies Act 2006 (number: SC314671) and is an investment company under section 833 of the Companies Act 2006.

The Company carries on business as an investment trust and has been approved as such by HM Revenue & Customs ('HMRC'), subject to it continuing to meet the relevant eligibility conditions and ongoing requirements. As a result, it is not liable to corporation tax on capital gains. The Company intends to conduct its affairs so as to enable it to comply with the requirements.

The Company is required to comply with company law, the rules of the Financial Conduct Authority, and other legislation and regulations including financial reporting standards and its own Articles of Association.

The Company is a member of the Association of Investment Companies ('AIC').

Subsidiary Company

The Company has a 100% interest in Investors Securities Company Limited (number: SC140578), a company which deals in investments. In the year to 31 March 2025, Investors Securities Company Limited made a profit before taxation of £nil (2024: £nil).

Investors Securities Company Limited did not trade during the year to 31 March 2025 and it has not been consolidated in the financial statements in accordance with section 405 of the Companies Act 2006 on grounds of materiality.

Accounting and Going Concern

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

The financial statements start on page 60 and the unqualified Independent Auditor's Report on the financial statements is on pages 52 to 59. The significant accounting policies of the Company are set out in note 1 to the financial statements.

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council and have undertaken a rigorous review of the Company's ability to continue as a going concern.

As an investment company, investing predominantly in listed securities, most of the Company's principal risks and uncertainties are market-related. An explanation of these risks and how they are managed is set out on pages 25 and 26. The Board has, in particular, considered the outlook for inflation and ongoing macroeconomic and geopolitical concerns which have impacted the value of investments, but does not believe the Company's ability to continue as a going concern is affected.

The Company's investment objective and investment policy, which is described on pages 8 and 28 and which is subject to regular Board monitoring processes, is designed to ensure that the Company is invested predominantly 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 an agreement relating to its borrowing facility with which it has complied during the year. Cash is only held with banks approved and regularly reviewed by the Manager.

As part of the going concern review, the Directors noted that a borrowing facility of a £15 million revolving credit facility is committed to the Company until 28 September 2025 and loan covenants are reviewed by the Board on a regular basis. Further details are set out in note 16 to the financial statements. It is expected that a new borrowing facility could be entered into when the current arrangement expires, but, if not, or should the Board decide not to renew this, any outstanding borrowing would be repaid through the use of cash and, if required, from the proceeds of the sale of the Company's investments.

Note 21 to the financial statements sets out the financial risk profile of the Company and indicates the effect on the assets and liabilities of falls (and rises) in the value of securities and market rates of interest.

The Company does not have a fixed life. However, in the event that the net asset value total return performance of the Company is less than that of the FTSE All-Share Index over the relevant three year period, in accordance with the Company's articles of association, shareholders will be given the opportunity to vote on whether the Company should continue in existence, by ordinary resolution at the Company's Annual General Meeting. The latest three year performance measurement period ran to 31 March 2025 and as the Company's net asset value total return outperformed the total return of the FTSE All-Share Index over this period such a resolution will not be required to be put to shareholders at the forthcoming Annual General Meeting. The next such performance period will run for the three years to 31 March 2028.

The Directors believe, having assessed the principal risks and other matters, in light of the controls and review processes noted previously 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. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

The Company's longer term viability is considered in the 'Viability assessment and statement' on page 27.

Statement of Disclosure of Information to the Auditor

Each of the Directors confirm that, so far as he or she is aware, there is no information relevant to the preparation of the Annual Report and Financial Statements of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of Auditor

Deloitte LLP was re-appointed as the Company's Auditor at the Annual General Meeting on 26 July 2024 and it has expressed its willingness to continue in office as the Company's Auditor. A resolution proposing its re-appointment and a resolution authorising the Directors to determine its remuneration will be submitted at the Annual General Meeting (**Resolutions 7 and 8**).

Further information in relation to the re-appointment can be found on page 47.

Capital Structure and Voting Rights

The Company's capital structure is explained in the 'Capital Structure' section on page 85 of this Annual Report and Financial Statements and details of the share capital, including voting rights, are set out in note 17 to the financial statements. Details of voting rights are also set out in the Notes to the Notice of Annual General Meeting.

At 31 March 2025 there were 102,067,144 Ordinary shares of 0.1p each listed, of which 17,744,491 were held in treasury and 32,076,703 B shares of 0.1p each listed, of which 1,617,953 were held in treasury. At 31 March 2025, the total issued share capital of the Company (excluding treasury shares) was represented 73.5% by 84,322,653 Ordinary shares and 26.5% by 30,458,750 B shares.

There are:

- no significant restrictions concerning the transfer of securities in the Company (other than certain restrictions imposed by laws and regulations such as insider trading laws);
- no agreements known to the Company concerning restrictions on the transfer of securities in the Company or on voting rights; and
- no special rights with regard to control attached to securities.

Pursuant to the Company's loan facility agreement, repayment may be required in the event of a change in control of the Company. There are no significant agreements which the Company is a party to that might be affected by a change of control of the Company following a takeover bid.

Substantial Interests in Share Capital

At 31 March 2025 the Company had received notification of the following holdings of voting rights (under the FCA's Disclosure Guidance and Transparency Rules):

| | Ordinary Shares | |
|---------------------------------|-----------------|------------------|
| | Number held | Percentage held* |
| D. C. Thomson & Company Limited | 7,944,869 | 9.4 |
| Thomson Leng Provident Fund | 3,800,000 | 4.5 |

* Based on 84,322,653 Ordinary Shares in issue as at 31 March 2025.

| | B Shares | |
|---------------------------------|-------------|------------------|
| | Number held | Percentage held* |
| D. C. Thomson & Company Limited | 2,241,623 | 7.4 |

* Based on 30,458,750 B Shares in issue as at 31 March 2025.

The Company has not received any other notification of any changes in these voting rights and no new holdings have been notified since 31 March 2025 up to the date of this report.

Manager's Savings Plans

Approximately 47% of the Company's total share capital is held through the savings plans which are administered by the Manager. The Manager does not have discretion to exercise any voting rights in respect of the shares held through the savings plans. Instead the nominee company holding these shares votes in accordance with the instructions received from the underlying planholders. The Manager has undertaken that, subject to any regulatory restrictions, for those planholders who do not return their voting directions for the forthcoming AGM, the nominee company will vote their shares in proportion to the directions of those who do ('proportional voting'). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the savings plans being voted. A maximum limit, being approximately 5% of the minimum threshold, also applies. Any shares voted by an underlying planholder in excess of the maximum limit would remain valid, but would not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Borrowings

The Company has a £15 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited, of which £15 million was drawn down at the year-end. Further information is included in note 16 to the financial statements.

Directors' Remuneration Report

At the AGM held on 20 July 2023, shareholders approved the Directors' Remuneration Policy and it is intended that this policy will continue for the three year period ending at the AGM in 2026, when shareholders will next be asked for their approval. There have been no material changes to the Remuneration Policy since approved by shareholders at the AGM held on 20 July 2023.

The Directors' Remuneration Report, which can be found on pages 48 to 50, provides detailed information on the remuneration arrangements for the Directors of the Company and includes the Directors' Remuneration Policy. Shareholders will be asked to approve the Directors' Remuneration Report for the year ended 31 March 2025 (**Resolution 2**) at the AGM on 28 July 2025.

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.

Director Re-Elections

Biographical details of the Directors, all of whom are non-executive, can be found on page 30 and are incorporated into this report by reference.

All of the Directors held office throughout the year under review.

As explained in more detail under the Corporate Governance Statement on pages 39 to 41, the Board has agreed that all Directors will retire annually. Accordingly, Helen Galbraith, Stephen Mitchell, Angus Pottinger and Andrew Watkins will retire at the AGM and, being eligible, offer themselves for re-election (**Resolutions 3, 4, 5 and 6**).

The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below.

- **Resolution 3** relates to the re-election of Helen Galbraith who was appointed on 6 May 2020 and has over 25 years' experience in the Insurance and Asset Management industry. She also has relevant financial experience and is a Chartered Financial Analyst.
- **Resolution 4** relates to the re-election of Stephen Mitchell who was appointed on 6 May 2020 and has worked in investments for over 45 years most recently as a global equity specialist.
- **Resolution 5** relates to the re-election of Angus Pottinger who was appointed on 24 November 2022 and has worked in financial services for over 35 years, including most recently 22 years in Invesco's investment trust team, where he was Head of Investment Company Services, specifically in charge of accounting, company secretarial and administration functions.
- **Resolution 6** relates to the re-election of Andrew Watkins who was appointed on 29 June 2017 and has extensive experience and knowledge of investment trusts and the sector having been Head of Client Relations for Investment Trusts at Invesco until his retirement in 2017. He is a Member of The Chartered Institute for Securities and Investment.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The Chairman and the Board confirm that, following formal performance evaluations, the performance of each of the Directors continues to be

effective and demonstrates commitment to the role and, having considered the Directors' other time commitments and Board positions are satisfied that each Director has the capacity to be fully engaged with the Company's business. In addition, the Board believes that each Director is independent in character and judgement, that they perform their duties at all times in an independent manner and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board believes that continuity and experience add significantly to the strength of the Board. Additional information on diversity and tenure is set out on pages 29 and 42. The Chairman and the Board therefore believes that it is in the interests of shareholders that each of those Directors seeking re-election are re-elected.

There are no service contracts in existence between the Company and any Directors but each of the Directors has been issued with, and accepted, the terms of a letter of appointment that sets out the main terms of their appointment. Amongst other things, the letter includes confirmation that the Director has a sufficient understanding of the Company and the sector in which it operates, and sufficient time available to discharge their duties effectively taking into account their other commitments. These letters are available for inspection upon request at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Directors' Interests and Letters of Indemnity

As explained in the Corporate Governance Statement on page 41, the Company engaged a third party, Boardforms Limited ('Boardforms') (at a cost of £4,200 including VAT) to carry out an evaluation of the Board, Committees and the directors for the year under review. Angus Pottinger, one of the Company's non-executive directors is also a director and shareholder of Boardforms and recused himself from all discussions regarding the engagement of Boardforms.

There were no other contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year.

The Company has entered into letters of indemnity in favour of each of the Directors and these were in force throughout the year ended 31 March 2025. These letters give each Director the benefit of an indemnity to the extent permitted by the Companies Act 2006 against liabilities incurred by each of them in the execution of their duties and the exercise of their powers. A copy of each letter of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting. The Company also maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Under the Companies Act 2006, a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Board therefore has procedures in place for the authorisation and review of potential conflicts relating to the Directors. As explained on pages 34 and 41 Boardforms was engaged by the Company and Angus Pottinger recused himself from all discussions regarding this matter.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. Other than the matter above and the authorisation of Directors' other directorships, no authorisations have been sought. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

Safe Custody of Assets

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

Depositary

JPMorgan Europe Limited (the '**Depositary**') acts as the Company's depositary in accordance with the Alternative Investment Fund Managers Directive ('**AIFMD**'). The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include, but are not limited to, cash monitoring, ensuring the proper segregation and safe keeping of the Company's financial instruments that are held by the custodian and monitoring the Company's compliance with investment and leverage limit requirements. The Depositary receives for its services a fee of 0.01% 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.

Management and Management Fees

The Manager provides management, administration, marketing, accounting and company secretarial services to the Company. A summary of the investment management agreement between the Company and the Manager in respect of the services provided is given in note 4 to the financial statements. The Manager is the Company's AIFM, for which it does not receive any additional remuneration.

Since the end of the year, the Engagement and Remuneration Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review the Committee considered the past investment performance of the Company and the ability of the Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the investment management agreement and the fees payable to the Manager, together with the standard of other services provided, which include administration, marketing, accounting and company secretarial services. Following this review, which included a comparison against the terms of appointment of investment managers for similar investment companies, it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the best interests of shareholders as a whole.

Other Companies Act 2006 Disclosures

- The rules for appointment and replacement of Directors are contained in the Articles of Association of the Company. In respect of retiral by rotation, the Articles of Association provide that each Director is required to retire at the third Annual General Meeting after the Annual General Meeting at which last elected. As mentioned earlier in this Annual Report and Financial Statements, the Board has agreed that all Directors will retire annually.
- Amendment of the Articles of Association and powers to issue and buy-back shares require shareholder authority.
- There are no agreements between the Company and the Directors providing for compensation for loss of office that occurs because of a takeover bid.

Future Developments of the Company

The future success of the Company in pursuit of its investment objective is dependent primarily on the performance of its investments and the outlook for the Company is set out in the Chairman's Statement on pages 6 and 7 and the Manager's Review on page 13.

Responsible Investment

The Company does not have ESG or sustainable objectives, however, the Company's approach to Responsible Investment, including voting on portfolio investments is set out on pages 19 to 22.

The Company seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken on behalf of the Company.

Greenhouse Gas Emissions & Taskforce for Climate Related Financial Disclosures ('TCFD')

All of the Company's activities are outsourced to third parties, it has no employees and all of its Directors are non-executive. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

As the Company did not consume more than 40,000 kWh of energy during the year, it is exempt from reporting under Streamlined Energy and Carbon Reporting regulations.

Under UK Listing Rule 11.4.22(R), the Company, as a listed closed-end investment company, is exempt from complying with the TCFD.

Modern Slavery Act 2015

As an investment company with no employees or customers and which does not provide goods or services in the normal course of business, the Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a human trafficking statement. The Company's own supply chain which consists predominantly of professional advisers and service providers in the financial services industry, which is highly regulated, is considered to be low risk in relation to this matter. A statement by the Manager under the Act has been published on its website columbiathreadneedle.co.uk

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 21 to the financial statements.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG on Monday 28 July 2025 at 11 am. The notice of AGM is set out on pages 80 to 84. David Moss, the Portfolio Manager, will give a presentation at the AGM and there will also be an opportunity to ask questions. If you are unable to attend the AGM, you may submit any questions you may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to the following email address: UKHITCoSec@columbiathreadneedle.com. The Portfolio Manager's presentation will be available to view on the Company's website, ctukhighincome.co.uk, following the meeting.

The AGM is scheduled to be held in person and voting on all resolutions will be conducted by way of a poll. Shareholders are encouraged to exercise their votes either through the Registrar's online portal or by completing and returning their Form of Proxy or Form of Direction. The results of the poll will be announced via a regulatory announcement and posted on the Company's website at ctukhighincome.co.uk after the meeting. Any changes to the AGM arrangements will be announced via a regulatory announcement and will be included on the Company's website.

Resolutions 10 to 14 are explained below.

Directors' Authority to Allot Shares (Resolutions 10 and 11)

Since the Annual General Meeting of the Company held on 26 July 2024 no new Ordinary shares or new B shares have been issued.

The Directors are seeking authority to allot Ordinary shares and B shares.

Resolution 10 (authority to allot shares) will, if passed, authorise the Directors to allot new Ordinary shares up to an aggregate nominal amount of £8,547 (which equates to 8,547,000 Ordinary shares) and allot new B shares up to an aggregate nominal amount of £1,522 (which equates to 1,522,000 B shares), being approximately 10% of the Company's total issued Ordinary shares (excluding treasury shares) and approximately 5% of the Company's total issued B shares respectively (excluding treasury shares) as at 29 May 2025.

This authority therefore authorises the Directors to allot up to 10,069,000 shares in aggregate (consisting of 8,547,000 Ordinary shares and 1,522,000 B shares) representing approximately 8.7% of the Company's total share capital in issue (excluding treasury shares).

Resolution 11 (power to disapply pre-emption rights) will, if passed, authorise the Directors to allot new Ordinary shares up to an aggregate nominal amount of £8,547 (which equates to 8,547,000 Ordinary shares) and allot new B shares up to an aggregate nominal amount of £1,522 (which equates to 1,522,000 B shares), being 8.4% and 4.7% of the Company's total issued Ordinary shares and B shares respectively (including treasury shares) as at 29 May 2025, for cash without first offering such shares to existing shareholders pro rata to their existing holdings.

This authority therefore authorises the Directors to allot up to 10,069,000 shares in aggregate (consisting of 8,547,000 Ordinary shares and 1,522,000 B shares) for cash on a non pre-emptive basis representing 7.5% of the Company's total share capital in issue (including treasury shares).

These authorities will continue until the earlier of 30 September 2026 and the conclusion of the Company's next Annual General Meeting.

The Directors have no current intention to exercise these authorities and will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and will not result in a dilution of net asset value per share. The Directors consider that the authorisations proposed in Resolutions 10 and 11 are necessary to retain flexibility, although they do not intend to exercise the powers conferred by these authorisations at the present time.

Directors' Authority to Buy-back Shares (Resolution 12)

At the Annual General Meeting held on 26 July 2024 shareholders gave the Company authority to make market purchases of up to 12,490,000 Ordinary shares and 4,603,200 B shares (being 14.99% of each of the issued Ordinary shares and issued B shares in each case, excluding shares held in treasury).

During the year to 31 March 2025, the Company purchased through the market for treasury 250,000 B shares of 0.1p each, with an aggregate nominal value of £250, representing 0.8% of the B shares in issue (excluding treasury shares) at the previous year end, for a total consideration of £216,000 in accordance with the Company's discount management policy. During the year to 31 March 2025, the Company did not purchase through the market any Ordinary shares of 0.1p each for treasury. Subsequent to the year end, no Ordinary shares or B shares have been purchased through the market between 31 March 2025 and 29 May 2025.

The current authority of the Company to make market purchases of up to 14.99% of each of the issued Ordinary shares and issued B shares (in each case, excluding shares held in treasury) expires at the end of the Annual General Meeting and **Resolution 12**, as set out in the notice of the Annual General Meeting, seeks renewal of that authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99% of each of the issued Ordinary shares and issued B shares (in each case, excluding treasury shares) of the Company on the date of the passing of the resolution. The price paid for shares will not be less than the nominal value of 0.1p per share nor more than the higher of (a) 5% above the average of the middle market price of those shares for the five business days before the shares are purchased and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in the net asset value per share and is in the interests of the shareholders. Any shares purchased under this authority will be purchased with cash and will either be held in treasury or cancelled at the determination of the Directors. This authority will expire on the earlier of 30 September 2026 and the conclusion of the next Annual General Meeting of the Company.

There is no limit on the number of shares that a company can hold in treasury at any one time and the Board has not set a limit on the number of shares that can be held in treasury by the Company.

There were a total of 115,931,403 Ordinary shares and B shares in issue (excluding treasury shares) as at 29 May 2025; of which 85,472,653 (73.7%) are Ordinary shares and 30,458,750 (26.3%) are B shares. At that date, the Company held 16,594,491 Ordinary shares (16.3% of the total Ordinary share capital, including treasury shares) in treasury and 1,617,953 B shares (5.0% of the total B share capital, including treasury shares) in treasury.

The Company therefore in aggregate holds 18,212,444 shares in treasury representing 15.7% of the total share capital in issue (excluding treasury shares).

Treasury Shares (Resolution 13)

Since the Annual General Meeting of the Company held on 26 July 2024, and in accordance with the authorities granted, the Board has exercised its powers by selling 2,150,000 Ordinary shares with an aggregate nominal value of £2,150 (representing 2.1% of the Company's total Ordinary share capital in issue (including treasury shares) as at 29 May 2025) at a premium to the net asset value per Ordinary share for a total consideration of £2,155,000. No B shares have been sold since the 2024 Annual General Meeting.

The Board continues to believe that the effective use of treasury shares assists the liquidity in the Company's securities and management of the discount by addressing imbalances between demand and supply for the Company's securities.

Resolution 13, if passed, will enable the Company to sell shares from treasury without having first to make a pro rata offer to existing shareholders. This authority will be limited to shares representing approximately 8.4% and 9.5% of the Company's issued Ordinary share capital and issued B share capital respectively (including treasury shares) as at 29 May 2025. The sale of shares from treasury is to be at a price not less than the net asset value per share of the Ordinary shares (in the case of a sale of Ordinary shares) or B shares (in the case of a sale of B shares).

Aggregate Limit on Directors fees (Resolution 14)

The aggregate limit in the Company's Articles of Association in respect of the fees that may be paid to Directors is currently £175,000 per annum but this can be increased by the Company by ordinary resolution. This aggregate limit was last increased, with the approval of shareholders in July 2020. The Board proposes that this aggregate limit be increased to £200,000 per annum, however does not currently intend to use this additional authority. It is believed this increase would in future provide additional flexibility when dealing with matters such as succession planning.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole and it unanimously recommends that all shareholders vote in favour of those resolutions. The Directors intend to vote in favour of each of the resolutions in respect of their own beneficial holdings of 70,479 Ordinary shares, representing approximately 0.06% of the issued share capital of the Company as at the date of this document. Information on shareholder voting rights is set out in the Notes to the Notice of Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments for Individual Savings Accounts. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

By order of the Board

For Columbia Threadneedle Investment Business Limited

Company Secretary

Quartermile 4

7a Nightingale Way

Edinburgh EH3 9EG

29 May 2025

Corporate Governance Statement

The biographical details of the Directors responsible for the governance of your Company are set out on page 30. Committee membership is also included and the respective terms of reference and biographies are also available on the Company's website ctukhighincome.co.uk

In seeking to maintain the confidence and trust of the Company's shareholders, the Board sets out to adhere to the highest standards of corporate governance, business and ethics transparency and it remains committed to doing so. As the Board believes that good governance creates value, it expects the companies in which it invests to apply similar standards.

Governance Overview

Throughout the financial year, an Audit Committee, Engagement and Remuneration Committee and Nomination Committee were in place. The role and responsibilities of these committees are set out in their respective reports, which follow, and their terms of reference are also available on the Company's website. Each of the committees comprises all of the Directors. The Board considers that, given its size, it would be unnecessarily burdensome to establish separate committees which did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

As set out in the Strategic Report, the Board has appointed the Manager to manage the investment portfolio as well as to carry out the day to day management and administrative functions. Reporting from the Manager is set out on pages 11 to 15 and in the Report of the Audit Committee in respect of internal controls on pages 44 to 47. The Board's evaluation of the Manager and its alignment with the values of the Board can be found on pages 43 and 8 respectively.

The Board has direct access to company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable laws, regulations and best practice requirements are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any Director's concerns to be recorded by the Company Secretary in the minutes.

Compliance with the AIC Code of Corporate Governance (the 'AIC Code')

The Board of CT UK High Income Trust PLC has considered and supports the principles and provisions of the AIC Code published in 2019. The AIC code addresses the principles and provisions set out in the UK Corporate Governance Code published in 2018 (the 'UK Code') as well as setting out additional provisions on issues that are of specific relevance to investment companies. There are also two main differences. In the AIC Code, both the nine year limit on chair tenure and the restriction on the chair of the Board being a member of the Audit Committee have been removed.

Andrew Watkins was appointed to the Board on 29 June 2017 and then as Chairman on 20 July 2022 and has therefore served for less than nine years. None of the Directors standing for re-election at the forthcoming AGM has served in excess of nine years. The tenure policy relating to the Directors, which includes the Chairman, is set out on page 29.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. By reporting against the AIC Code, the Company meets its obligations in relation to the UK Code (and associated disclosure requirements under paragraph 6.6.6 of the UK Listing Rules) and as such does not need to report further on issues contained in the UK Code which are not relevant to it as an externally managed investment company.

The Board believes that the Company has complied with the recommendations of the AIC Code during the year under review and up to the date of this report and, except as regards the provisions of the UK Code set out below, has thereby complied with the relevant provisions of the UK Code:

- the role of the Chief Executive;
- executive directors' remuneration;
- the need for an internal audit function;
- membership of the Audit Committee by the Chairman of the Board; and
- workforce engagement.

For the reasons set out in the AIC Code, the Board considers these provisions as not being relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's daily management and administrative functions have been delegated to the Manager. As a result, the Company has no executive Directors, employees or internal operations. As explained in the Report of the Audit Committee, the Chairman of the Board is also a member of the Audit Committee, as permitted by the AIC Code. Therefore, with the exception of the need for an internal audit function, which is addressed on page 46, we have not reported further in respect of these provisions.

The AIC code can be found on theaic.co.uk and the UK Code on frc.org.uk. In January 2024 the Financial Reporting Council updated the UK Code and subsequently, in August 2024, the AIC Code was also updated. Some of these updates will apply to the Company in the financial year ended 31 March 2026 and it is the intention of the Board that the Company will comply with the relevant provisions.

Company Purpose

The Company's purpose, values and culture and the basis on which it aims to generate value over the longer term is set out within the Purpose, Strategy and Business Model on pages 8 and 9. How the Board seeks to promote the success of the Company is set out on pages 23 and 24.

Board Leadership

The Board consists solely of non-executive Directors and Andrew Watkins is the Chairman. The Board is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that it has reserved for its decision, which is reviewed periodically.

The Board currently meets at least five times a year and at each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Manager has discretion to act, and thus supervises the management of the investment portfolio which is contractually delegated to the Manager.

An investment management agreement between the Company and its Manager, Columbia Threadneedle Investment Business Limited, sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend/capital repayment policies, gearing, and corporate governance procedures, are reserved for the approval of the Board of Directors.

Division of Board Responsibilities

As an externally managed investment company, all the Directors are non-executive and there are no employees. Andrew Watkins, as Chairman, is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of matters in conjunction with the Company Secretary. There is a strong working relationship with the Manager and the Portfolio Manager and related personnel attend the meetings throughout the year and report to the Board. Discussions are held in a constructive and supportive manner with appropriate challenge and strategic guidance and advice from the Board whenever necessary, consistent with the culture and values.

Stephen Mitchell is the Senior Independent Director and he acts as an experienced sounding board for the Chairman or as an intermediary for other Directors and shareholders. He also leads the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors, may at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. No such advice was taken during the year under review. The Company maintains appropriate Directors' and Officers' liability insurance.

Under the Articles of Association of the Company, the number of Directors on the Board may be no less than two and no more than seven. Directors may be appointed by the Company by ordinary resolution or by the Board. Any Director appointed by the Board would hold office only until the next general meeting and then be eligible for election by shareholders. The Board has agreed that all Directors will retire annually and, if appropriate, seek re-election.

Full details of the duties of Directors are provided at the time of appointment. New Directors receive an induction from the Manager on joining the Board, and all Directors are encouraged to attend relevant training courses and seminars and receive regular updates on the industry and changes to laws, regulations and best practice requirements from the Company Secretary and other parties, including the AIC. All of the Directors consider that they have sufficient time to discharge their duties.

All Directors are considered by the Board to be independent of the Company's Manager and the Board believes that each Director is independent in character and judgement and that they perform their duties at all times in an independent manner and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

Directors' attendance during the year ended 31 March 2025

| | Board of Directors | Audit Committee | Engagement and Remuneration Committee | Nomination Committee |
|-----------------|--------------------|-----------------|---------------------------------------|----------------------|
| No. of meetings | 5 | 3 | 1 | 1 |
| A K Watkins | 5 | 3 | 1 | 1 |
| H M Galbraith | 5 | 3 | 1 | 1 |
| S J Mitchell | 5 | 3 | 1 | 1 |
| A W Pottinger | 5 | 3 | 1 | 1 |

During the year, additional meetings were also held to approve matters such as interim dividends and capital repayments.

Composition and Succession

The composition of the Board and Committees together with the experience of the members is set out on page 30. The Company's diversity and tenure policy is set out on page 29.

Over the last few years, a succession plan has been in place, which has enabled the retirement of the longer serving Directors while balancing the need to ensure an adequate level of continuity and experience on the Board while changes were made thereby acting in the best interests of shareholders. As set out in the Report of the Nomination Committee on page 42, the composition of the Board and succession continues to be considered and reviewed.

Board Evaluation and Effectiveness

Each year the performance of the Board and Committees, including the performance of each individual Director, is evaluated through a formal assessment process. The Company engaged a third party, Boardforms Limited ('Boardforms') to carry out an evaluation for the year under review. In turn, Boardforms used Cyclico to facilitate the work utilising Boardforms' technology. Angus Pottinger, one of the Company's non-executive directors is also a director and shareholder of Boardforms and recused himself from all discussions regarding the engagement of Boardforms. The process included the completion of a confidential questionnaire by each director which in turn was collated, summarised and reported on by Cyclico. The performance of the Chairman was also covered as part of the process. The findings of the external evaluation were discussed and reviewed with the Chairman and the Board.

Following this process, it was concluded that the performance of each Director and the Chairman continues to be effective and each remain committed to the Company and that the Board oversees the management of the Company effectively and has the requisite skills and expertise to safeguard shareholders' interests.

The conclusion from the assessment process was also that the Audit Committee, Nomination Committee and Engagement and Remuneration Committee were operating effectively, with the right balance of membership, experience and skills.

Audit, Risk Management and Internal Control

The Board has a well established and effective Audit Committee, the report of which is set out on pages 44 to 47. The report includes how the Board oversees the risk management and internal control framework and determines the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. Details of the principal risks and uncertainties are set out on pages 25 and 26 and further information on the Company's risk management and internal control framework can be found on pages 44 to 47.

The report of the Audit Committee explains how the independence and effectiveness of the external Auditor is assessed and how the Board satisfies itself on the integrity of financial statements. The report also covers the process under which the Board satisfied itself that the Annual Report and Financial Statements, taken as a whole, presents a fair, balanced and understandable assessment of the Company's position and prospects. The rationale for the Company not having established its own internal audit function is also explained in the report.

Relations with Shareholders and Stakeholders

Communication with the Company's key stakeholders, who are its shareholders, the Manager, bankers and other key service providers is set out on page 9.

Remuneration

Information on the remuneration arrangements for the non-executive Directors of the Company can be found in the Directors' Remuneration Report on pages 48 to 50 and in note 6 to the financial statements.

The remuneration policy is explained on page 48 and that, as non-executive Directors, their fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. While there are no executive Directors and no employees, shareholders should expect that the fees paid to the Manager are aligned with the Company's purpose, values and the successful delivery of its long-term strategy.

Share Capital and Companies Act 2006 Disclosures

Details of the Company's capital structure is set out on page 85 and details of substantial interests in the Company's share capital and other Companies Act 2006 Disclosures are included on pages 33 and 35.

By order of the Board

For Columbia Threadneedle Investment Business Limited

Company Secretary

Quartermile 4

7a Nightingale Way

Edinburgh EH3 9EG

29 May 2025

Report of the Nomination Committee

Composition of the Committee

The Committee comprises the full Board and is chaired by Andrew Watkins. The Committee's terms of reference can be found on the website at ctukhighincome.co.uk

Role of the Committee

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition. It takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, diversity (including gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional and socio-economic background), independence and knowledge of the Company within the Board and ensuring succession planning is carefully managed.

The Committee met on one occasion during the financial year and considered and reviewed matters such as:

- the size of the Board and its composition, particularly in terms of succession planning and the experience and skills of individual Directors and diversity of the Board as a whole;
- tenure;
- the re-appointment of those Directors standing for re-election at the annual general meeting;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment; and
- future retirement of Directors.

Diversity and Tenure

The Company's Board diversity and tenure policy is shown on page 29 and recruitment searches are open to a diverse range of candidates. Other than the diversity targets set out in the UK Listing Rules, the Directors have not set any measurable objectives in relation to diversity of the Board and will always appoint the best qualified person for the role.

The Board believes that a Director's tenure does not necessarily reduce his or her contribution or ability to act independently and that continuity and experience can add significantly to the strength of investment company Boards where the characteristics and relationships tend to differ from those of other companies. However, the Board is committed to maintaining the highest levels of corporate governance in terms of independence and would expect that Directors would normally serve for not more than nine years, however this may be adjusted for reasons of flexibility and continuity.

Appointments and Succession Planning

Appointments of all new non-executive Directors are made on a formal basis, using professional search consultants as appropriate, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

A succession plan, to allow for the retirement of the longer serving Directors, had been in progress over the last few years and was completed in November 2022. The emphasis was on ensuring the highest level of skills, knowledge and experience of the Board and when recruiting new Directors consideration was given to the current skills and experience of the Board and the remaining tenure of each Director. This assisted in identifying the desired attributes of the new Directors and ensured that the Board continued to comprise individuals with appropriate and complementary skills and experience and continuity. The composition of the Board and future succession continue to be reviewed and monitored at least annually.

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

Andrew Watkins

Chairman of the Nomination Committee

29 May 2025

Report of the Engagement and Remuneration Committee

Composition of the Committee

The Committee comprises the full Board and is chaired by Stephen Mitchell. The Committee's terms of reference can be found on the website at ctukhighincome.co.uk

Role of the Committee

The Committee meets at least annually and its role is to review the terms and conditions of the Manager's appointment and the services it and other key service providers provide and the fees charged, and also to review the remuneration of Directors.

The Committee met on one occasion during the financial year.

Manager Evaluation Process and Re-appointment

Since the end of the year, the Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review the Committee considered the past investment performance of the Company and the skills, experience and depth of the Manager's team involved in managing the Company's assets and its ability to produce satisfactory investment performance in the future.

Investment performance is also considered by the Board at every meeting, with a formal evaluation by the Committee each year. For the purposes of its ongoing monitoring, the Board receives reports from the Manager on investment activity, attribution, gearing, risk and performance. This allows the Board to assess the sources of positive and negative contribution to returns in terms of gearing and stock selection. While shorter term data is important, the assessment of the Manager's performance is also considered over a three year period, looking at comparisons against the benchmark and a peer group of other UK Equity Income investment companies. The period of three years matches the period between shareholder continuation votes, in the event that the NAV total return performance of the Company is less than that of the FTSE All-Share Index over the relevant three year period. This allows the Board to assess the management of the investment portfolio against the Company's investment objective on an ongoing basis together with performance against the Company's key performance indicators. The latest performance measurement period for this purpose was the three year period to 31 March 2025. Over this period the NAV total return (+26.6%) was greater than the total return for the FTSE All-Share Index (+23.3%) and accordingly a Resolution that the Company continues in existence will not be required at the forthcoming Annual General Meeting.

The annual evaluation that took place in May 2025 included a presentation from the Portfolio Manager and the Manager's Head of Investment Trusts. This included reporting on the investment performance and its ability to successfully deliver the investment strategy for shareholders.

The Committee also considered the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include administration, marketing, accounting and company secretarial services.

Following this review, it was the Committee's view that the continuing appointment of the Manager on the terms agreed was in the best interests of shareholders as a whole. The Board ratified this recommendation.

Other Key Service Providers

Since the end of the year, the Committee has also reviewed the performance, service and fees of the Company's key third party service providers.

Review of Directors' Fees

The Company Secretary, Columbia Threadneedle Investment Business Limited, provides information on comparative levels of Directors' fees in advance of the Committee considering the level of Directors' fees. Following a review for the forthcoming year to 31 March 2026, the Committee concluded the amount paid to Directors would increase by £3,750 per annum for the Chairman, by £3,000 per annum for the Audit Committee Chairman and by £2,500 per annum for each of the other Directors.

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

Stephen Mitchell
Chairman of the Engagement and Remuneration Committee
29 May 2025

Report of the Audit Committee

Composition of the Committee

The Board recognises the requirement for the Audit Committee as a whole to have competence relevant to the sector in which the Company operates and at least one member with recent and relevant experience.

The Audit Committee is chaired by Helen Galbraith who is a Chartered Financial Analyst and has recent and relevant financial experience. The Audit Committee operates within clearly defined terms of reference and comprises the full Board. These directors have a combination of relevant financial, investment and business experience and specifically with respect to the investment company sector and accordingly have sufficient experience to discharge their responsibilities. Given the relevant experience of Andrew Watkins, the Chairman of the Board, his continued independence and valued contribution, the Audit Committee considers it appropriate that he is a member. Details of the members can be found on page 30 and the Committee's terms of reference are available on the Company's website ctukhighincome.co.uk

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

Role of the Committee

The duties of the Audit Committee include ensuring the integrity of the financial reporting and financial statements of the Company, reviewing the annual and half-year financial statements, the risk management and internal controls process, and the terms of appointment and remuneration of the Auditor, Deloitte LLP ('Deloitte'), including its independence and objectivity. It also provides a forum through which the Auditor reports to the Board of Directors and meets at least twice a year including at least two meetings with Deloitte.

The Audit Committee met on three occasions during the financial year and the attendance of each of the members is set out on page 41. In the due course of its duties, the Committee had direct access to Deloitte and senior members of the Manager's Fund Management, Investment Trust and Operational Risk teams. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- the accounting policies of the Company and the allocation of management expenses and interest costs between capital and revenue;
 - the principal and emerging risks and uncertainties faced by the Company and the effectiveness of the Company's internal control and risk management environment;
 - consideration of the assumptions underlying the Board's statements on going concern and viability;
 - the effectiveness of the external audit process and any related non-audit services and the independence and objectivity of Deloitte, its re-appointment, remuneration and terms of engagement;
 - the policy on the engagement of Deloitte to supply non-audit services and approval of any such services;
 - the implications of proposed new accounting standards and regulatory changes;
 - the need for the Company to have its own internal audit function;
 - the ISAE/AAF Report from the Manager and similar controls reports from the Custodian and other significant third party service providers;
 - whether the Annual Report and Financial Statements as a whole is fair, balanced and understandable; and
 - the operational arrangements and performance of the Manager and other third party service providers in terms of business continuity.
- During the preparation of both the half-year report for the six month period ended 30 September 2024 and the Annual Report and Financial Statements for the year ended 31 March 2025, the Committee has considered the outlook for inflation, market volatility and macroeconomic and geopolitical concerns upon the risks, operations and accounting basis of the Company. As noted within Principal Risks and Uncertainties and Viability Statement on pages 25 to 27 the Directors have reviewed the risk register of the Company and agreed that the overall risk from investment performance risk has increased.
- 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 51.
- the annual and half-year results announcements, and annual and half-year reports and financial statements;

On broader control policy issues, the Committee has considered and is satisfied with the Code of Conduct and the Anti-Bribery and Anti-Corruption Policy to which the Manager's employees are subject. The Board is responsible for ensuring appropriate procedures and processes are in place to enable issues of concern to be raised. The Committee has also considered the Manager's Whistleblowing Policy, under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Risk Management

The Board has established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the related guidance issued by the Financial Reporting Council.

The Manager's Operational Risk team provides regular control reports to the Audit Committee and the Board covering risk and compliance and any significant issues of direct relevance to the Company are required to be reported to the Audit Committee and Board without delay. During the year, the Audit Committee also met with a representative of the Manager's internal audit function to discuss the outcome of its recent projects and planned activities within Columbia Threadneedle Investments.

For the management of risk, a key risk summary is produced to help identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Audit Committee and Board has a robust process for considering the resulting risk control assessment and reviews the significance of the risks and reasons for any changes.

The Company's principal risks and uncertainties and their mitigations are set out on pages 25 and 26 with additional information provided in note 21 to the financial statements. The integration of these risks into the consideration of the Viability Statement on page 27 was also fully considered and the Audit Committee concluded that the Board's Statement was soundly based. The period of three years was also agreed as being appropriate for the reasons given in the Statement.

Internal Controls

The Board has overall responsibility for the Company's system of risk management and internal control, for reviewing its effectiveness and ensuring that risk management and internal control processes are embedded in the daily operations, which are managed by the Manager.

The Audit 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, including financial, operational, compliance and overall risk management, is exercised by the Audit Committee and the Board through regular reports provided by the Manager. The reports cover investment performance, attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third party administrator of the Manager's savings plans and other relevant issues.

At each Board meeting, the Board monitors the investment performance of the Company in comparison to its objective and relevant equity market indices. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investments guidelines and, if appropriate, approves changes to such policy and guidelines.

The system of risk management and internal control is designed to manage, rather than eliminate risk and, by its nature, can only provide reasonable, but not absolute, assurance against material misstatement, loss, or fraud. Further to the review by the Audit 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 Internal Controls in accordance with ISAE 3402 and AAF 01/20 for the period to 30 September 2024 (the '**ISAE/AAF Report**'). The Audit Committee also received confirmation from the Manager that, subsequent to this date, there had been no material changes to the control environment. Containing a report and an unqualified opinion from the independent service auditor KPMG LLP (engaged by the Manager), it sets out the Manager's control environment 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 Audit and Risk Committee, which, for the period to 30 September 2024, received regular internal audit reports. 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 identified and which would be reported to the Board. Any errors or breaches relating to the Company are reported at each Audit Committee and Board Meeting by the Manager. No failings or weaknesses material to the overall control environment and financial statements in respect of the Company were identified in the year under review nor to the date of this report.

The Audit Committee also reviewed appropriate reports on the internal controls of other significant service providers, such as the Custodian and Registrar, and was satisfied that there were no material exceptions.

The review procedures have been in place throughout the financial year and up to the date of approval of the financial statements, and the Board is satisfied with their effectiveness.

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

The Audit Committee has reviewed the need for an internal audit function. Based on review, observation and enquiry, the Audit Committee and the Board have concluded that the systems and procedures employed by the Manager provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. In addition, the Company's financial statements are audited by an external Auditor. An internal audit function, specific to the Company, is therefore considered unnecessary but this decision will be kept under review.

Significant Matters Considered by the Audit Committee in Relation to the Financial Statements

| Matter | Action |
|--|--|
| Investment Portfolio Valuation | |
| Possibility of incorrect valuation of the investment portfolio. | The Company's accounting policy is stated in note 1 to the financial statements. The Board reviews the full portfolio valuation at each Board meeting and receives quarterly monitoring and control reports from the Manager and Depositary. The Audit Committee reviewed the Manager's annual ISAE/AAF Report, as referred to on page 45, which is reported on by an independent service auditor and sets out the systems, processes and controls around the daily pricing of equity securities. The Manager has provided further assurance that controls have operated satisfactorily since that date. The Audit Committee also reviewed internal controls reports from State Street, which provides certain functions to the Manager, such as fund accounting services. |
| 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 Audit Committee reviewed the Manager's ISAE/AAF Report, as previously referred to, which details the controls around the reconciliation of the Manager's records to those of the Custodian. The Audit Committee also reviewed the Custodian's semi-annual internal controls report, which is reported on by independent external accountants, and which provides details regarding its control environment. The Depositary has issued reports confirming, amongst other matters, the safe custody of the Company's assets for the period to 31 March 2025. The Audit Committee also reviewed internal controls reports from State Street. |
| Income Recognition | |
| Incomplete or inaccurate income recognition, including allocation between revenue and capital, could have an adverse effect on the Company's net asset value and earnings per share and its level of dividend cover. | The Audit Committee reviewed the Manager's ISAE/AAF Report, as previously referred to, which details the systems, processes and controls around the recording of investment income. It also compared the final level of income received for the year to the budget for the year and discussed the accounting treatment of all special dividends received with the Manager. |
| Investment Trust Tax Status | |
| As an investment trust company, the Company is exempt from taxation arising on capital gains. | The Audit Committee reviewed the Company's ongoing compliance with the investment trust conditions set out in Section 1158 of the Corporation Tax Act 2010. In particular, the Audit Committee ensured that the retained revenue after tax for the year was less than 15 per cent of the Company's total income. |
| Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains. | |

The Audit Committee read and discussed this Annual Report and Financial Statements and concluded that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance objective and strategy.

External Audit Process and Significant Matters Considered by the Audit Committee

In carrying out its responsibilities, the Audit Committee has considered the planning arrangements, scope, materiality levels and conclusions of the external audit of the financial statements for the year ended 31 March 2025. The table on page 46 describes the significant matters considered by the Audit Committee in relation to the financial statements for the year and how these were addressed.

The Audit Committee met in May 2025 to discuss the draft Annual Report and Financial Statements, with representatives of Deloitte and the Manager in attendance and Deloitte presented its year-end report to the Audit Committee. At the conclusion of the audit, Deloitte did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. Deloitte issued an unqualified audit report which is included on pages 52 to 59.

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 Auditor is 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 Auditor.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the Auditor in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% of the average audit fee for the previous three years.

In relation to the provision of non-audit services by the Auditor it has been agreed that all non-audit work to be carried out by the Auditor must be approved in advance by the Audit Committee. Deloitte did not receive any fees for non-audit services during the year (2024: £nil).

Auditor Assessment, Independence and Re-appointment

The Audit Committee reviews the re-appointment of the Auditor every year and has been satisfied with the effectiveness of Deloitte's performance on the audit just completed.

As part of the review of Auditor independence and effectiveness, Deloitte has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating Deloitte, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Manager, remains satisfied that Deloitte continues to provide effective independent challenge in carrying out its responsibilities. Deloitte's fee for the audit (excluding VAT) was £38,500 (2024: £36,500).

Following professional guidelines, the Senior statutory auditor rotates at least every five years. Michael Caullay, the current senior statutory auditor was engaged for the first time during the year ended 31 March 2023, which was Deloitte's sixth year as Auditor. Accordingly, the year ended 31 March 2025 represents Michael Caullay's third year as the Senior Statutory auditor and Deloitte's eighth year as Auditor. The Audit Committee also considered the evaluation of Deloitte's audit performance through the Audit Quality Review performed by the Financial Reporting Council.

On the basis of this assessment, the Audit Committee has recommended the re-appointment of Deloitte to the Board.

Helen Galbraith
Chairman of the Audit Committee
29 May 2025

Directors’ Remuneration Report

Full details of the Company’s policy with regards to Directors’ fees, and fees paid during the year ended 31 March 2025, are shown below. This shows all major decisions on Directors’ remuneration, and any substantial changes made during the year relating to Directors’ remuneration, including the context in which any changes occurred.

Under company law, the Auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor’s opinion is included in its report on pages 52 to 59.

The Board consists solely of independent non-executive Directors. The Company has no executive Directors or employees. The Engagement and Remuneration Committee is responsible for determining the level of Directors’ fees and its report is set out on page 43.

Directors’ Remuneration Policy

The Company’s policy is that the remuneration of non-executive Directors should be 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, their responsibilities, duties and time commitment required and be fair and comparable to that of other investment companies that are similar in size and have similar investment objectives. 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 fees for the non-executive Directors are determined within the limits set out in the Company’s Articles of Association. The present limit is £175,000 per annum in aggregate and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has a letter of appointment setting out the terms and conditions of his or her appointment and such letters are available for inspection at the Company’s registered office during business hours.

The dates on which each Director was appointed to the Board are set out under their biographies on page 30. The terms of appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after his or

her appointment. Directors are thereafter obliged to retire periodically and, if they wish, to offer themselves for re-election by shareholders, at least every three years after that. However, in accordance with the recommendations of the UK Code and the AIC Code, the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. All the Directors were last re-elected at the AGM held on 26 July 2024 and all will stand for re-election at the AGM on 28 July 2025. There is no notice period and no provision for compensation upon termination of appointment.

Voting at Annual General Meeting on Directors’ Remuneration Policy

It is a requirement that shareholder approval of the Directors’ Remuneration Policy is sought at least every three years and this policy was last approved by shareholders at the AGM on 20 July 2023. 97.5% of votes were in favour of the resolution and 2.5% of votes were against. It is intended that the policy will continue for the three year period ending at the AGM in 2026, when it will next be put to shareholders for approval. As part of the business to be proposed at the forthcoming AGM it is proposed that the aggregate limit on Directors’ fees in the Articles of Association be increased from £175,000 to £200,000 (**Resolution 14**).

Annual Statement

As Chairman of the Engagement and Remuneration Committee, I confirm that throughout the year to 31 March 2025, Directors’ fees were unchanged.

Future Policy Table

Following a review of the level of Directors’ fees for the year to 31 March 2026, the Engagement and Remuneration Committee concluded that effective 1 April 2025 the amount paid to Directors would increase by £3,750 per annum for the Chairman, by £3,000 per annum for the Audit Committee Chairman and by £2,500 per annum for each of the other Directors.

Based on this, Directors’ fees for the financial year to 31 March 2026 would be as follows:

| Director | 31 March 2026 £ | 31 March 2025 ⁽¹⁾ £ | 31 March 2024 ⁽¹⁾ £ |
|--------------------------|--------------------|-----------------------------------|-----------------------------------|
| Chairman | 45,000 | 41,250 | 41,250 |
| Audit Committee chairman | 37,500 | 34,500 | 34,500 |
| Director | 30,000 | 27,500 | 27,500 |

⁽¹⁾ Actual Directors’ fees for the years ended 31 March 2025 and 31 March 2024 respectively.

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year (Audited)

The Directors who served during the financial year received the following amounts for services as non-executive Directors for the years ended 31 March 2025 and 2024 and can expect to receive the fees indicated for 2026 as well as reimbursement for expenses necessarily incurred. No other forms of remuneration were paid during the year.

Fees for services to the Company (audited)

| Director | Fees (audited) | | | Taxable benefits ⁽¹⁾ (audited) | | | Total (audited) | | | Anticipated fees ⁽²⁾ |
|------------------------|--------------------|--------------------|------------|---|--------------------|---------------|--------------------|--------------------|-------------|---------------------------------|
| | 31 March 2025 £ | 31 March 2024 £ | % change | 31 March 2025 £ | 31 March 2024 £ | % change | 31 March 2025 £ | 31 March 2024 £ | % change | 31 March 2026 £ |
| A K Watkins (Chairman) | 41,250 | 41,250 | 0.0 | - | - | 0.0 | 41,250 | 41,250 | 0.0 | 45,000 |
| H M Galbraith | 34,500 | 34,500 | 0.0 | - | - | 0.0 | 34,500 | 34,500 | 0.0 | 37,500 |
| S J Mitchell | 27,500 | 27,500 | 0.0 | - | - | 0.0 | 27,500 | 27,500 | 0.0 | 30,000 |
| A W Pottinger | 27,500 | 27,500 | 0.0 | 149 | 27 | +451.9 | 27,649 | 27,527 | +0.4 | 30,000 |
| Total | 130,750 | 130,750 | 0.0 | 149 | 27 | +451.9 | 130,899 | 130,777 | +0.1 | 142,500 |

⁽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⁾ Fees expected to be payable to the Directors during the year ended 31 March 2026. Taxable benefits are also anticipated but are not currently quantifiable.

Annual Percentage Change

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

| Director | 2025 (audited) % | 2024 (audited) % | 2023 (audited) % | 2022 (audited) % | 2021 (audited) % |
|---------------|---------------------|-----------------------|----------------------|----------------------|---------------------|
| A K Watkins | 0.0 | +17.5 ⁽¹⁾ | +35.1 ⁽¹⁾ | +10.6 | 0.0 |
| H M Galbraith | 0.0 | +6.2 | +6.7 | +43.5 ⁽²⁾ | n/a |
| S J Mitchell | 0.0 | +5.8 | 0.0 | +22.5 ⁽³⁾ | n/a |
| A W Pottinger | 0.0 | +198.7 ⁽⁴⁾ | n/a ⁽⁴⁾ | n/a | n/a |

⁽¹⁾ Appointed as Chairman following the AGM on 20 July 2022.

⁽²⁾ Appointed as a non-executive director on 6 May 2020 and became Chairman of the Audit Committee on 27 July 2021.

⁽³⁾ Appointed as a non-executive director on 6 May 2020.

⁽⁴⁾ Appointed as a non-executive director on 24 November 2022.

Relative Importance of Spend on Pay

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

| | 31 March 2025 £ | 31 March 2024 £ | Change % |
|--------------------------------------|--------------------|--------------------|-------------|
| Aggregate Directors' Remuneration | 130,750 | 130,750 | 0.0 |
| Management fee and other expenses | 1,027,000 | 1,008,000 | +1.9 |
| Distributions paid to Shareholders | 6,512,000 | 6,334,000 | +2.8 |
| Aggregate cost of shares repurchased | 216,000 | 1,293,000 | -83.3 |

Directors' Shareholdings

There is no requirement under the Company's Articles of Association for the Directors to hold shares in the Company. The Directors who held office at the year end and their interests in the shares of the Company at 31 March 2025 (all of which were beneficially held) were as follows:

| Director | 31 March 2025 | | 31 March 2024 | |
|------------------------|-----------------|----------|-----------------|----------|
| | Ordinary Shares | B Shares | Ordinary Shares | B Shares |
| A K Watkins (Chairman) | 16,057 | - | 16,057 | - |
| H M Galbraith | 22,000 | - | 22,000 | - |
| S J Mitchell | 12,675 | - | 12,675 | - |
| A W Pottinger | 19,747 | - | 19,747 | - |

There have been no changes in any of the Directors' interests in the shares of the Company between 31 March 2025 and 29 May 2025.

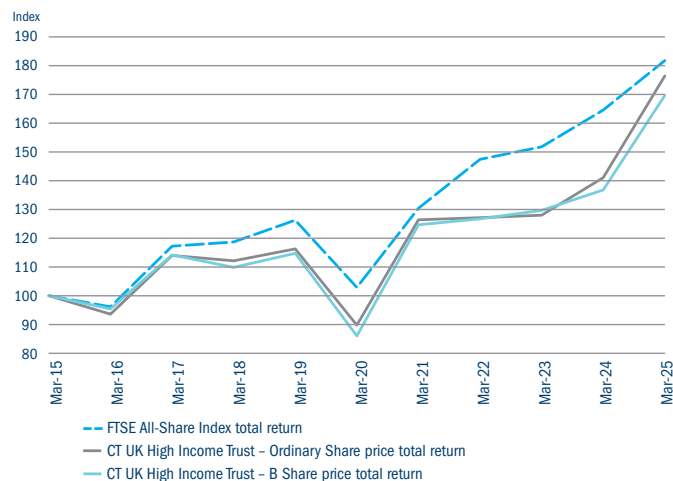
Company Performance

The Board is responsible for the Company's investment strategy and performance, whilst the management of the investment portfolio is delegated to the Manager.

The following graph compares, for the ten financial years to 31 March 2025, the total return (assuming all dividends and capital repayments are reinvested) to Ordinary shareholders and B shareholders compared to the total return on the FTSE All-Share Index. This index was chosen for comparison purposes, as it represents a comparable broad equity market index; however it should be noted that approximately 12% of the Company's investments were held in higher yielding securities towards the start of this period.

An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Review.

Share Price Total Return and the FTSE All-Share Index Total Return Performance Graph (rebased to 100 at 31 March 2015)



Source: Refinitiv Eikon

Voting at Annual General Meeting on Annual Remuneration Report

At the Company's last Annual General Meeting, held on 26 July 2024, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 March 2024. 97.5% of votes were in favour of the resolution and 2.5% were against.

An ordinary resolution for the approval of this Annual Report on Directors' Remuneration will be put to shareholders at the forthcoming Annual General Meeting (**Resolution 2**).

On behalf of the Board

Stephen Mitchell

Director

29 May 2025

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Relation to the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable United Kingdom law and UK-adopted International Accounting Standards. The Directors are also required to prepare a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards.

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 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 they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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 Annual Report and Financial Statements is published on the ctukhighincome.co.uk website which is maintained by Columbia Threadneedle Investments. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of the Company's website and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement under the Disclosure Guidance and Transparency Rules in respect of the Annual Report and Financial Statements

Each of the Directors listed on page 30 confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and return of the Company;
- the Strategic Report and the Report of the Directors include 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
- taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance, strategy and business model of the Company.

On behalf of the Board

Andrew Watkins

Chairman

29 May 2025

Independent Auditor's Report

to the members of CT UK High Income Trust PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of CT UK High Income Trust PLC (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and the Statement of Recommended Practice issued by the Association of Investment Companies in July 2022 "Financial Statements of Investment Trust Companies and Venture Capital Trusts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Cash Flow Statement;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and the Statement of Recommended Practice issued by the Association of Investment Companies in July 2022 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP').

2. 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 are 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 Financial Reporting Council's (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. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

| | |
|--|--|
| Key audit matters | The key audit matter that we identified in the current year was the valuation and ownership of listed investments. |
| Materiality | The materiality that we used in the current year was £1.16m (2024: £1.08m) which was determined on the basis of 1% of net assets at 31 March 2025. |
| Scoping | Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. |
| Significant changes in our approach | There have been no significant changes in our audit approach for the current year. |

4. 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:

- obtaining an understanding of management's process for evaluating the company's ability to continue as a going concern;
- evaluating the output of management's assessment of the company's ability to remain an Investment Trust;
- assessing the performance and position of the company, including its cash position, dividend income and management fee expenses;
- assessing whether the Company has complied with the revolving credit facility agreement for its borrowing to assess the continued availability of the borrowing facility;
- assessing the company's ability to cover its expenses for the 12-month period from the date of signing the financial statements, including the ability of the company to exit underperforming investments, if needed; and
- assessing the appropriateness of the disclosures in the financial statements relating to going concern.

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 reporting on how the Company 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.

5. 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. These matters included 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.

5.1. Valuation and ownership of listed investments

| | |
|---|---|
| Key audit matter description | <p>As an investment entity, the company holds listed investments of £121.9m (2024: £121.0m). These represent the most quantitatively significant financial statement line on the statement of financial position.</p> <p>There is a risk that investments may not be valued correctly or may not represent the property of the company. This may result in a material misstatement within the investments held at fair value through profit or loss and we consider that there is a potential area for fraud since investment return is a key performance indicator for the company.</p> <p>Additionally, there is a risk that investments are not actively traded and therefore inappropriately presented as level 1 in the fair value hierarchy.</p> <p>Refer to note 1 to the financial statements for the accounting policy on investments and details of the investments are disclosed in note 11 to the financial statements. The valuation and ownership of listed investments is included in the Audit Committee Report as a significant reporting matter on page 46.</p> |
| How the scope of our audit responded to the key audit matter | <p>We have performed the following procedures to test the valuation and ownership of investments at 31 March 2025:</p> <ul style="list-style-type: none"> • We obtained an understanding of, and tested the relevant controls at the Company's administrator over the valuation and ownership of listed investments; • We agreed 100% of the Company's listed investment portfolio at the year end to confirmations received independently from the Company's depository; and • We tested the bid prices of 100% of listed investments on the investment ledger at year end to closing bid prices published by an independent pricing source. <p>In addition, we performed the following procedures to address whether the investment portfolio was actively traded and designated with the correct fair value hierarchy:</p> <ul style="list-style-type: none"> • We assessed the post year-end volume of trade data in order to identify any investments that are not actively traded; and • We tested the completeness and accuracy of disclosures in relation to fair value measurements and liquidity risk. |
| Key observations | <p>Based on the work performed we concluded that the valuation and ownership of listed investments is appropriate.</p> |

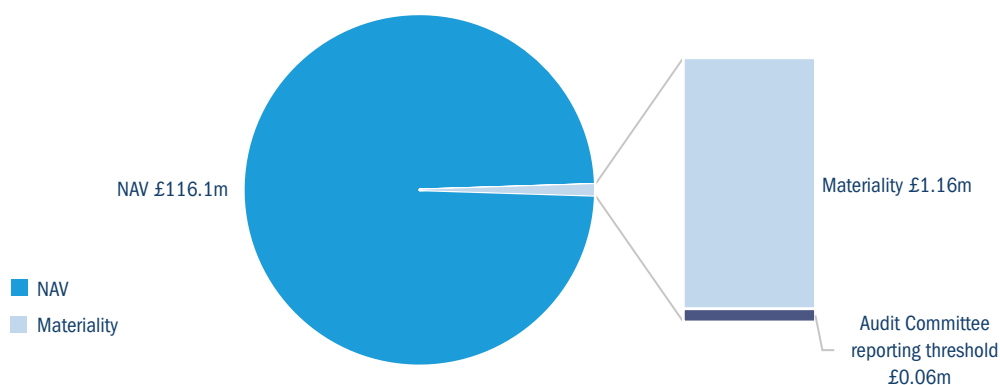
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

| | |
|--|--|
| Materiality | £1.16m (2024: £1.08m) |
| Basis for determining materiality | 1% (2024: 1%) of net assets. |
| Rationale for the benchmark applied | Net assets has been selected as it is considered the most relevant benchmark for investors and is the key driver of shareholder value. |



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2025 audit (2024: 70%). In determining performance materiality, we considered the following factors:

- there have been no significant changes in the business structure and operations;
- our experience from previous audits has indicated a low number of corrected and uncorrected misstatements identified in prior periods; and
- there were no significant changes in the company's operating environment caused by the uncertainty and volatility brought about by inflation and increased interest rates.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £58,000 (2024: £54,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. The Company was audited as a single component.

7.2. Our consideration of the control environment

Certain accounting responsibilities have been delegated to State Street, including the calculation of the net asset value and maintenance of the Company's accounting records.

In assessing the Company's control environment, we considered controls in place at State Street. As part of this we reviewed State Street's Service Organisation Controls (SOC 1) Report in respect of the controls relating to valuation and ownership of listed investments. We also reviewed State Street's controls report in respect of general IT controls. Further, we obtained an understanding of relevant business processes and controls that address the risk of material misstatement in financial reporting.

7.3 Our consideration of climate related risks

In planning our audit, we have considered the potential impact of climate change on the business and its financial statements. The Company continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on page 22. As a part of our audit, we held discussions to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Company's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the account balances and classes of transactions. We have read the disclosures in the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

9. Responsibilities of directors

As explained more fully in the statements 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.

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered 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 below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and tax specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation and ownership of listed investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. This included the requirements of the United Kingdom's Financial Conduct Authority ("FCA") and the Alternative Investment Fund Managers Directive.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation and ownership of listed investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The UK 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 and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified on page 32 of the annual report;
- the directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate on page 27 of the annual report;
- the directors' statement on fair, balanced and understandable on page 31 of the annual report;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks on page 27 of the annual report;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems on pages 44 and 45 of the annual report; and
- the section describing the work of the Audit Committee on pages 44 to 47 of the annual report.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were first appointed by the members of the Company on 29 June 2017 to audit the financial statements for the year ending 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 March 2018 to 31 March 2025.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

Michael Caullay CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

29 May 2025

Statement of Comprehensive Income

For the year to 31 March

| Notes | | Revenue Year to 31 March 2025 £'000 | Capital Year to 31 March 2025 £'000 | Total Year to 31 March 2025 £'000 | Revenue Year to 31 March 2024 £'000 | Capital Year to 31 March 2024 £'000 | Total Year to 31 March 2024 £'000 |
|-------|--|---|---|---|---|---|---|
| | Capital gains on investments | | | | | | |
| 11 | Gains on investments held at fair value through profit or loss | - | 9,678 | 9,678 | - | 7,674 | 7,674 |
| | Exchange (losses)/gains | (3) | 2 | (1) | 1 | 9 | 10 |
| | Revenue | | | | | | |
| 2 | Income | 6,487 | - | 6,487 | 5,603 | - | 5,603 |
| | Total income | 6,484 | 9,680 | 16,164 | 5,604 | 7,683 | 13,287 |
| | Expenditure | | | | | | |
| 4 | Investment management fee | (201) | (469) | (670) | (186) | (435) | (621) |
| 5 | Other expenses | (488) | - | (488) | (518) | - | (518) |
| | Total expenditure | (689) | (469) | (1,158) | (704) | (435) | (1,139) |
| | Profit before finance costs and tax | 5,795 | 9,211 | 15,006 | 4,900 | 7,248 | 12,148 |
| | Finance costs | | | | | | |
| 7 | Interest on bank loans | (279) | (652) | (931) | (269) | (627) | (896) |
| | Total finance costs | (279) | (652) | (931) | (269) | (627) | (896) |
| | Profit before tax | 5,516 | 8,559 | 14,075 | 4,631 | 6,621 | 11,252 |
| 8 | Taxation | (32) | - | (32) | (30) | - | (30) |
| | Profit and total comprehensive income for the year | 5,484 | 8,559 | 14,043 | 4,601 | 6,621 | 11,222 |
| 10 | Earnings per share | 4.80p | 7.50p | 12.30p | 4.01p | 5.77p | 9.78p |

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards. 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.

No operations were acquired or discontinued in the year.

The accompanying notes on pages 64 to 78 are an integral part of these financial statements.

Statement of Financial Position

As at 31 March

| Notes | | 31 March 2025 £'000 | 31 March 2024 £'000 |
|-------|---|---------------------------|---------------------------|
| | Non-current assets | | |
| 11 | Investments held at fair value through profit or loss | 122,140 | 121,267 |
| | Current assets | | |
| 13 | Receivables | 1,287 | 1,203 |
| 14 | Cash and cash equivalents | 9,514 | 1,086 |
| | | 10,801 | 2,289 |
| | Total assets | 132,941 | 123,556 |
| | Current liabilities | | |
| 15 | Payables | (1,875) | (790) |
| 16 | Bank loans | (15,000) | (15,000) |
| | | (16,875) | (15,790) |
| | Total liabilities | (16,875) | (15,790) |
| | Net assets | 116,066 | 107,766 |
| | Equity attributable to equity shareholders | | |
| 17 | Share capital | 134 | 134 |
| 18 | Share premium | 262 | 153 |
| | Capital redemption reserve | 5 | 5 |
| | Buy-back reserve | 79,682 | 79,022 |
| | Special capital reserve | 6,573 | 8,320 |
| | Capital reserves | 25,003 | 16,444 |
| | Revenue reserve | 4,407 | 3,688 |
| | Equity shareholders' funds | 116,066 | 107,766 |
| 19 | Net asset value per Ordinary share | 101.12p | 94.51p |
| 19 | Net asset value per B share | 101.12p | 94.51p |

Company Number: SC314671

Approved by the Board and authorised for issue on 29 May 2025 and signed on its behalf by:

Andrew Watkins, Director

The accompanying notes on pages 64 to 78 are an integral part of these financial statements.

Cash Flow Statement

For the year to 31 March

| Notes | | Year to 31 March 2025 £'000 | Year to 31 March 2024 £'000 |
|-------|--|--------------------------------------|--------------------------------------|
| | | | |
| | Cash flows from operating activities | | |
| | Profit before taxation | 14,075 | 11,252 |
| | Adjustments for: | | |
| 11 | Gains on investments held at fair value through profit or loss | (9,678) | (7,674) |
| | Exchange losses/(gains) | 1 | (10) |
| 2 | Interest income | (146) | (84) |
| | Interest received | 146 | 84 |
| 2 | Dividend income | (6,335) | (5,519) |
| | Dividend income received | 6,133 | 5,727 |
| | (Increase)/decrease in receivables | (4) | 1 |
| | (Decrease)/increase in payables | (14) | 45 |
| | Finance costs | 931 | 896 |
| | Overseas tax recovered/(suffered) | 69 | (69) |
| | Cash flows from operating activities | 5,178 | 4,649 |
| | Cash flows from investing activities | | |
| | Purchases of investments | (52,967) | (62,065) |
| | Sales of investments | 62,879 | 61,699 |
| | Cash flows from investing activities | 9,912 | (366) |
| | Cash flows before financing activities | 15,090 | 4,283 |
| | Cash flows from financing activities | | |
| 9 | Dividends paid on Ordinary shares | (4,765) | (4,642) |
| 9 | Capital returns paid on B shares | (1,747) | (1,692) |
| 17 | Shares purchased for treasury | (216) | (1,293) |
| 17 | Shares sold from treasury | 985 | - |
| | Interest on bank loans | (918) | (868) |
| | Drawdown of bank loans | - | 3,000 |
| | Cash flows from financing activities | (6,661) | (5,495) |
| | Net increase/(decrease) in cash and cash equivalents | 8,429 | (1,212) |
| | Cash and cash equivalents at the beginning of the year | 1,086 | 2,288 |
| | Effect of movement in foreign exchange | (1) | 10 |
| | Cash and cash equivalents at the end of the year | 9,514 | 1,086 |
| | Represented by: | | |
| | Cash at bank | 154 | 176 |
| | Short term deposits | 9,360 | 910 |
| | | 9,514 | 1,086 |

The accompanying notes on pages 64 to 78 are an integral part of these financial statements.

Statement of Changes in Equity

For the year to 31 March

| Notes | | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Buy-back reserve £'000 | Special capital reserve £'000 | Capital reserve – investments sold £'000 | Capital reserve – investments held £'000 | Revenue reserve £'000 | Total £'000 |
|-------|--|------------------------|------------------------|-------------------------------------|---------------------------|----------------------------------|---|---|--------------------------|----------------|
| | Balance as at 31 March 2024 | 134 | 153 | 5 | 79,022 | 8,320 | 1,249 | 15,195 | 3,688 | 107,766 |
| | Movement during the year ended 31 March 2025 | | | | | | | | | |
| | Profit/(loss) for the year | - | - | - | - | - | 9,165 | (606) | 5,484 | 14,043 |
| | Total comprehensive income/(expense) for the year | - | - | - | - | - | 9,165 | (606) | 5,484 | 14,043 |
| | Transactions with owners of the Company recognised directly in equity | | | | | | | | | |
| 17 | Shares bought back for treasury | - | - | - | (216) | - | - | - | - | (216) |
| 17 | Shares sold from treasury | - | 109 | - | 876 | - | - | - | - | 985 |
| 9 | Dividends paid on Ordinary shares | - | - | - | - | - | - | - | (4,765) | (4,765) |
| 9 | Capital returns paid on B shares | - | - | - | - | (1,747) | - | - | - | (1,747) |
| | Balance as at 31 March 2025 | 134 | 262 | 5 | 79,682 | 6,573 | 10,414 | 14,589 | 4,407 | 116,066 |

| Notes | | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Buy-back reserve £'000 | Special capital reserve £'000 | Capital reserve – investments sold £'000 | Capital reserve – investments held £'000 | Revenue reserve £'000 | Total £'000 |
|-------|--|------------------------|------------------------|-------------------------------------|---------------------------|----------------------------------|---|---|--------------------------|----------------|
| | Balance as at 31 March 2023 | 134 | 153 | 5 | 80,315 | 10,012 | 7,965 | 1,858 | 3,729 | 104,171 |
| | Movement during the year ended 31 March 2024 | | | | | | | | | |
| | (Loss)/profit for the year | - | - | - | - | - | (6,716) | 13,337 | 4,601 | 11,222 |
| | Total comprehensive income/(expense) for the year | - | - | - | - | - | (6,716) | 13,337 | 4,601 | 11,222 |
| | Transactions with owners of the Company recognised directly in equity | | | | | | | | | |
| 17 | Shares bought back for treasury | - | - | - | (1,293) | - | - | - | - | (1,293) |
| 9 | Dividends paid on Ordinary shares | - | - | - | - | - | - | - | (4,642) | (4,642) |
| 9 | Capital returns paid on B shares | - | - | - | - | (1,692) | - | - | - | (1,692) |
| | Balance as at 31 March 2024 | 134 | 153 | 5 | 79,022 | 8,320 | 1,249 | 15,195 | 3,688 | 107,766 |

The accompanying notes on pages 64 to 78 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

A summary of the principal accounting policies is set out below.

Basis of Preparation

The financial statements of the Company have been prepared on a going concern basis and in accordance with the Companies Act 2006 and UK-adopted International Accounting Standards.

The Company's subsidiary undertaking, Investors Securities Company Limited, has not been consolidated in the financial statements as it is exempt in accordance with section 405(2) of the Companies Act 2006 on grounds of materiality. Investors Securities Company Limited has been classified at fair value through profit or loss in the Statement of Financial Position.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") is consistent with the requirements of UK-adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in Pounds Sterling (functional and presentational currency) because that is the currency of the primary economic environment in which the Company operates. They are rounded to the nearest thousand except where otherwise indicated.

The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider 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. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail is included in the Report of the Directors on page 32.

The accounting policies adopted are consistent with those of the previous financial year, and there have been no new standards adopted during the year which have a material impact on the Company. No standards or amendments not yet effective are expected to have a material impact on the Company's accounting policies.

Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Chapter 4, Part 24 of the Corporation Tax Act 2010.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are classified as fair value through profit or loss. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities are designated as fair value through profit or loss on initial recognition.

1. Accounting policies (Continued)

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unlisted investments, including the subsidiary, are valued at fair value by the Directors on the basis of all information available to them at the time of valuation.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item. On derecognition any gain or loss arising is transferred from the Capital reserve – Investments Held to Capital reserve – Investments Sold.

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.

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 is included in Level 3 and is valued at its equity value.

Receivables

Receivables do not carry any interest and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash in banks and short term deposits that are held to maturity are carried at cost. Cash and cash equivalents consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are initially recorded at the proceeds received, net of issue costs.

Bank loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income 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 in which they arise.

Payables

Payables are not interest bearing and are stated at their nominal value.

1. Accounting policies (Continued)

Reserves

- (a) Share premium – the surplus of net proceeds received from the issue of new shares over the par value of such shares is credited to this account. The majority of the balance of this account which arose as a result of the issue of new shares at launch was subsequently cancelled by the Court of Session to create the Buy-back reserve and Special capital reserve. These reserves are explained below. To the extent that the consideration received exceeds the value at which the shares were initially bought into treasury, the gain arising on the resale of shares from treasury will be credited to the share premium account. The share premium account is non-distributable.
- (b) Capital redemption reserve – the nominal value of any of the shares bought back for cancellation is added to this reserve. This reserve is non-distributable.
- (c) Buy-back reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid on the A Shares. Available as distributable profits to be used for the buy-back of shares. The cost of any shares bought back is deducted from this reserve. The cost of any shares resold from treasury is added back to this reserve. (The A shares were subsequently renamed Ordinary shares).
- (d) Special capital reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid on the B shares. Available for paying capital returns on the B shares.
- (e) Capital reserves

Capital reserve – investments sold – gains and losses on realisation of investments are dealt with in this reserve together with the proportion of management fees, interest and taxation allocated to capital. This reserve also includes dividends of a capital nature.

Capital reserve – investments held – increases and decreases in the valuation of investments held are accounted for in this reserve, together with unrealised exchange differences on forward foreign currency contracts.

The Company's Articles of Association allow distributions to be made from realised capital reserves where the balance on this reserve is positive.
- (f) Revenue reserve – the net profit/(loss) arising in the revenue column of the Statement of Comprehensive Income is added to or deducted from this reserve. Available for paying dividends on the Ordinary shares.

Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.

Special dividends of a non-capital nature are recognised through the revenue column of the Statement of Comprehensive Income. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income.

Interest income from fixed interest securities is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Other investment income and deposit interest are included on an accruals basis.

Taxation

The tax expense represents the sum of the tax currently payable, overseas tax suffered and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. Accounting policies (Continued)

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under Chapter 4, Part 24 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Expenses and interest

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio taking account of the expected long term split of returns as follows:

- Interest payable on bank loans is recognised on an effective yield basis and allocated 30 per cent to revenue and 70 per cent to capital.
- Management fees have been allocated 30 per cent to revenue and 70 per cent to capital.

Foreign currency

Transactions denominated in foreign currencies are expressed in Pounds Sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Non-monetary non current assets held at fair value through profit and loss and denominated in foreign currencies are reported at the rates of exchange prevailing when the fair value was assessed. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Statement of Comprehensive Income depending on whether the gain or loss is of a capital or revenue nature respectively.

| Rates of exchange at 31 March | 2025 | 2024 |
|-------------------------------|---------------|--------|
| Euro | 1.1949 | 1.1697 |
| Swiss Franc | 1.1420 | 1.1378 |
| US Dollar | 1.2908 | 1.2633 |

2. Income

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Income from investments | | |
| UK dividend income | 5,235 | 4,653 |
| UK dividend income – special dividends | 74 | 46 |
| Overseas dividend income | 653 | 632 |
| Overseas dividend income – special dividends | – | 25 |
| Property income distributions | 373 | 163 |
| | 6,335 | 5,519 |
| Other income | | |
| Interest on cash and cash equivalents | 146 | 84 |
| Other Income | 6 | – |
| Total income | 6,487 | 5,603 |
| Total income comprises: | | |
| Dividends | 6,335 | 5,519 |
| Interest on cash and cash equivalents | 146 | 84 |
| Other Income | 6 | – |
| Total income | 6,487 | 5,603 |
| Income from investments: | | |
| Listed | 6,335 | 5,519 |

3. Operating segments

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 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 UK-adopted International Accounting Standards and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

4. Investment management fee

| | Revenue £'000 | Capital £'000 | 2025 Total £'000 | Revenue £'000 | Capital £'000 | 2024 Total £'000 |
|----------------------------------|------------------|------------------|------------------------|------------------|------------------|------------------------|
| Investment management fee | 201 | 469 | 670 | 186 | 435 | 621 |

The Company's investment manager is Columbia Threadneedle Investment Business Limited. The contract between the Company and Columbia Threadneedle Investment Business Limited may be terminated at any date by either party giving six months' notice of termination. In the event of the Company terminating the contract by giving less than six months' notice, Columbia Threadneedle Investment Business Limited is entitled to compensation calculated as a proportion of the fees payable by the Company in respect of the previous financial year.

The Manager receives an investment management fee of 0.60% per annum of the net asset value of the Company payable quarterly in arrears.

The investment management fee for the quarter ended 31 March 2025 of £172,000 (2024: £161,000) is due to the Company's investment manager at the year end.

5. Other expenses

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Auditor's remuneration: | | |
| – for audit services ⁽¹⁾ | 46 | 44 |
| Broker and professional fees | 55 | 89 |
| Custody and depository | 20 | 19 |
| Directors' fees for services to the Company (Note 6) | 131 | 131 |
| Marketing | 55 | 58 |
| Printing and postage | 45 | 54 |
| Registrar's fees and expenses | 49 | 41 |
| Revolving credit facility commitment fee | – | 7 |
| Subscription and listing fees | 40 | 38 |
| Sundry expenses | 47 | 37 |
| Total other expenses | 488 | 518 |

All expenses are stated gross of irrevocable VAT, where applicable.

⁽¹⁾ Auditor's remuneration for audit services, exclusive of VAT, amounts to £38,500 (2024: £36,500).

6. Directors' fees

The emoluments of the Chairman, the highest paid Director, were at the rate of £41,250 per annum (2024: £41,250).

Other Directors' emoluments amounted to £27,500 (2024: £27,500) each per annum, with the chairman of the Audit Committee receiving an additional £7,000 (2024: £7,000) per annum. Full details are provided in the Directors' Remuneration Report on pages 48 to 50.

7. Finance costs

| | 2025 Revenue £'000 | 2025 Capital £'000 | 2025 Total £'000 | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 |
|---|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| Finance costs attributable to revolving credit facility | 279 | 652 | 931 | 269 | 627 | 896 |
| Total finance costs | 279 | 652 | 931 | 269 | 627 | 896 |

Finance costs have been allocated 30 per cent to revenue and 70 per cent to capital in accordance with the Company's accounting policies.

8a. Tax on ordinary activities

| | 2025 Revenue £'000 | 2025 Capital £'000 | 2025 Total £'000 | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 |
|--|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| Overseas taxation | 32 | – | 32 | 30 | – | 30 |
| Total taxation charge (see note 8(b)) | 32 | – | 32 | 30 | – | 30 |

8b. Factors affecting tax charge for current year

A reconciliation of the current tax charge for the current year is set out below:

| | 2025 Revenue £'000 | 2025 Capital £'000 | 2025 Total £'000 | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 |
|---|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| Profit/(loss) before tax | 5,516 | 8,559 | 14,075 | 4,631 | 6,621 | 11,252 |
| Profit multiplied by the effective rate of corporation tax of 25.0% (2024: 25.0%) | 1,379 | 2,140 | 3,519 | 1,158 | 1,655 | 2,813 |
| Effects of: | | | | | | |
| Non taxable dividend income | (1,491) | - | (1,491) | (1,339) | - | (1,339) |
| Expenses not utilised in the year | 112 | 280 | 392 | 181 | 266 | 447 |
| Overseas taxation suffered | 32 | - | 32 | 30 | - | 30 |
| Non taxable capital gains | - | (2,420) | (2,420) | - | (1,921) | (1,921) |
| Total taxation (see note 8(a)) | 32 | - | 32 | 30 | - | 30 |

The deferred tax asset of £4,544,000 (2024: £4,151,000) in respect of unutilised expenses at 31 March 2025 has not been recognised as it is uncertain that there will be taxable profits from which the future reversal of the deferred tax asset could be deducted. The deferred tax asset has been calculated at the UK corporation tax rate of 25% (2024: 25%).

9. Dividends and capital repayments

| Dividends | Payment date | 2025 £'000 | 2024 £'000 |
|---|--------------|---------------|---------------|
| In respect of the previous period: | | | |
| Fourth interim dividend at 1.66p (2023: 1.55p) per Ordinary share | 3 May 2024 | 1,383 | 1,319 |
| In respect of the period under review: | | | |
| First interim dividend at 1.35p (2024: 1.32p) per Ordinary share | 2 Aug 2024 | 1,125 | 1,123 |
| Second interim dividend at 1.35p (2024: 1.32p) per Ordinary share | 1 Nov 2024 | 1,125 | 1,100 |
| Third interim dividend at 1.35p (2024: 1.32p) per Ordinary share | 7 Feb 2025 | 1,132 | 1,100 |
| | | 4,765 | 4,642 |
| Amounts relating to the year but not paid at the year end: | | | |
| Fourth interim dividend at 1.74p (2024: 1.66p) per Ordinary share | 2 May 2025 | 1,467 | 1,383 |

As shown in the preceding table, the Directors declared a fourth interim dividend in respect of the year ended 31 March 2025 of 1.74p per Ordinary share, which was paid on 2 May 2025 to Ordinary shareholders on the register on 4 April 2025.

| Capital repayments | Payment date | 2025 £'000 | 2024 £'000 |
|---|--------------|---------------|---------------|
| In respect of the previous period: | | | |
| Fourth capital repayment at 1.66p (2023: 1.55p) per B share | 3 May 2024 | 510 | 476 |
| In respect of the period under review: | | | |
| First capital repayment at 1.35p (2024: 1.32p) per B share | 2 Aug 2024 | 415 | 405 |
| Second capital repayment at 1.35p (2024: 1.32p) per B share | 1 Nov 2024 | 411 | 406 |
| Third capital repayment at 1.35p (2024: 1.32p) per B share | 7 Feb 2025 | 411 | 405 |
| | | 1,747 | 1,692 |
| Amounts relating to the year but not paid at the year end: | | | |
| Fourth capital repayment at 1.74p (2024: 1.66p) per B share | 2 May 2025 | 530 | 510 |

As shown in the preceding table, the Directors declared a fourth capital repayment in respect of the year ended 31 March 2025 of 1.74p per B share, which was paid on 2 May 2025 to B shareholders on the register on 4 April 2025.

Although these payments relate to the year ended 31 March 2025, under UK-adopted International Accounting Standards they will be accounted for in the period during which they are paid.

9. Dividends and capital repayments (continued)

The dividends paid and payable in respect of the financial year ended 31 March 2025, which form the basis of the retention test under Chapter 4, Part 24 of the Corporation Taxes Act 2010 are as follows:

| | 2025 £'000 |
|--|---------------|
| Revenue available for distribution by way of dividends for the year | 5,484 |
| First interim dividend for the year ended 31 March 2025 of 1.35p per share | (1,125) |
| Second interim dividend for the year ended 31 March 2025 of 1.35p per share | (1,125) |
| Third interim dividend for the year ended 31 March 2025 of 1.35p per share | (1,132) |
| Fourth interim dividend for the year ended 31 March 2025 of 1.74p per share* | (1,467) |
| Transferred to revenue reserve | 635 |

*based on 84,322,653 Ordinary shares in issue at the record date of 4 April 2025.

10. Earnings per share

| | 2025 Revenue £'000 | 2025 Capital £'000 | 2025 Total £'000 | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 |
|---------------------------------------|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
| Profit and total comprehensive income | 5,484 | 8,559 | 14,043 | 4,601 | 6,621 | 11,222 |
| Earnings per share – pence | 4.80p | 7.50p | 12.30p | 4.01p | 5.77p | 9.78p |

The Company's revenue, capital and total earnings per share are based on 83,585,667 Ordinary shares (2024: 84,025,522) and 30,571,079 B shares (2024: 30,708,750), being the weighted average number of shares in issue of each share class during the year.

11. Investments held at fair value through profit or loss

| | 2025 £'000 | 2024 £'000 |
|------------------------|----------------|----------------|
| Listed securities | 121,890 | 121,017 |
| Subsidiary undertaking | 250 | 250 |
| | 122,140 | 121,267 |

| | Listed/ Quoted (Level 1) £'000 | Subsidiary/ Unlisted (Level 3)* £'000 | 2025 Total £'000 | 2024 Total £'000 |
|---|---|--|------------------------|------------------------|
| Cost brought forward | 105,822 | 250 | 106,072 | 111,160 |
| Gains brought forward | 15,195 | - | 15,195 | 1,858 |
| Fair value of investments at 31 March 2024 | 121,017 | 250 | 121,267 | 113,018 |
| Purchases at cost | 54,074 | - | 54,074 | 62,274 |
| Sales proceeds | (62,879) | - | (62,879) | (61,699) |
| Gains/(losses) on investments sold in year | 10,284 | - | 10,284 | (5,663) |
| (Losses)/gains on investments held at year end | (606) | - | (606) | 13,337 |
| Fair value of investments at 31 March 2025 | 121,890 | 250 | 122,140 | 121,267 |
| Cost at 31 March 2025 | 107,301 | 250 | 107,551 | 106,072 |
| Gains at 31 March 2025 | 14,589 | - | 14,589 | 15,195 |
| Fair value of investments at 31 March 2025 | 121,890 | 250 | 122,140 | 121,267 |

* Level 3 is the investment in the subsidiary undertaking, Investors Securities Company Limited, which is valued at its net asset value, being its fair value and for which observable market data is not applicable.

11. Investments held at fair value through profit or loss (continued)

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Equity investments | 122,140 | 121,267 |
| Gains/(losses) on investments sold in year | 10,284 | (5,663) |
| (Losses)/gains on investments held at year end | (606) | 13,337 |
| Total gains in year | 9,678 | 7,674 |

Included within gains/losses on investments sold in year is a special dividend of £164,000 (2024: £nil) recognised as capital in nature.

The Company incurred transaction costs of £253,000 (2024: £320,000) on the purchase of assets and £24,000 (2024: £29,000) on the sale of assets in the year.

Gains/(losses) on investments sold in the year represents the difference between the net proceeds of sale and the book cost of the investments sold. Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gains/losses were included in the fair value of the investments.

(Losses)/gains on investments held at year end represents the (decrease)/increase in the difference between the book cost of investments held and their market value at 31 March 2025 compared with the difference between the book cost of investments held and their market value at 31 March 2024.

12. Significant interests

As at 31 March 2025, the Company's subsidiary undertaking which deals in investments is:

| | Country of incorporation or Registration | Class of Capital | Share Capital and Reserves £'000 | Profit for the year £'000 | % of Class held | % of Equity held | Valuation at 31.03.25 and 31.03.24 £'000 |
|--------------------------------------|--|---------------------|---|---------------------------------|-----------------------|------------------------|---|
| Investors Securities Company Limited | Scotland | Ordinary | 250 | - | 100 | 100 | 250 |

The registered office of Investors Securities Company Limited is 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG.

At 31 March 2025, no investments were held by the dealing subsidiary and it did not trade during the year. The accounts of this subsidiary have not been consolidated with those of the Company as, in the opinion of the Directors, it is not material.

13. Receivables

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Income receivable from shares and securities | 1,169 | 967 |
| Withholding tax recoverable | 78 | 179 |
| Sundry debtors and prepayments | 40 | 57 |
| | 1,287 | 1,203 |

14. Cash and cash equivalents

All cash balances in the current and prior year were held in cash, current accounts or in banks on short term deposits with an original maturity of three months or less at the year end.

15. Payables

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Loan from subsidiary undertaking repayable on demand | 250 | 250 |
| Investment management fee payable to the manager | 172 | 161 |
| Amounts due to brokers in settlement of purchase of investments | 1,316 | 209 |
| Loan Interest | 2 | 10 |
| Accrued expenses | 135 | 160 |
| | 1,875 | 790 |

16. Bank loans

The Company has an unsecured revolving credit facility ('RCF') with The Royal Bank of Scotland International Limited for £15 million which is available until 28 September 2025. At 31 March 2025, £15 million was drawn down for a period of one month to 30 April 2025 (31 March 2024: £15 million).

The loan agreement contains certain financial covenants with which the Company must comply. These include a financial covenant with respect to the ratio of the Adjusted Portfolio Value (as defined in the loan agreement) to the level of debt and also that the Adjusted Portfolio Value does not fall below £50 million. The Company complied with the required financial covenants throughout the period since drawdown.

17. Share capital

Allotted, issued and fully paid

| | Number | Listed £ | Number | Held in Treasury £ | Number | In Issue £ |
|-------------------------------------|--------------------|----------------|---------------------|--------------------------|--------------------|----------------|
| Ordinary shares of 0.1p each | | | | | | |
| Balance at 1 April 2024 | 102,067,144 | 102,067 | (18,744,491) | (18,744) | 83,322,653 | 83,323 |
| Sold from treasury | - | - | 1,000,000 | 1,000 | 1,000,000 | 1,000 |
| Balance at 31 March 2025 | 102,067,144 | 102,067 | (17,744,491) | (17,744) | 84,322,653 | 84,323 |
| B shares of 0.1 pence each | | | | | | |
| Balance at 1 April 2024 | 32,076,703 | 32,077 | (1,367,953) | (1,368) | 30,708,750 | 30,709 |
| Repurchased to be held in treasury | - | - | (250,000) | (250) | (250,000) | (250) |
| Balance at 31 March 2025 | 32,076,703 | 32,077 | (1,617,953) | (1,618) | 30,458,750 | 30,459 |
| Total at 31 March 2025 | 134,143,847 | 134,144 | (19,362,444) | (19,362) | 114,781,403 | 114,782 |

During the year the Company bought back nil Ordinary Shares (2024: 1,750,000 Ordinary shares) to hold in treasury at a cost of £nil (2024: £1,293,000). During the year the Company bought back 250,000 B Shares (2024: nil B Shares) at a cost of £216,000 (2024: £nil).

During the year the Company sold 1,000,000 Ordinary Shares (2024: nil Ordinary shares) from treasury realising net proceeds of £985,000 (2024: £nil).

At 31 March 2025 the Company held 17,744,491 Ordinary shares (2024: 18,744,491 Ordinary shares) and 1,617,953 B shares (2024: 1,367,953 B shares) in treasury.

Since the year end, the Company has sold a further 1,150,000 Ordinary shares from treasury realising net proceeds of £1,170,000.

Shareholder entitlements

The Company has two classes of shares: Ordinary shares and B shares. The rights of each class of shares are identical, save in respect of the right to participate in dividends and capital repayments. Ordinary shares are entitled to all dividends paid by the Company and no dividends may be paid to B shareholders. B shareholders are entitled to capital repayments from the Company at an amount per share equal to, but not exceeding, any dividend paid per share to Ordinary shareholders. The capital repayments are paid out of the special capital reserve and accordingly will only be able to be paid for so long as the amount of the special capital reserve remains sufficient. If and when this reserve is exhausted, the Articles of Association provide that all the Ordinary shares and all the B shares automatically convert into Ordinary shares with identical rights.

The net asset value attributable to each class of share is the same. Apart from voting rights entitlements at separate class meetings, every Ordinary share and every B share carries equal voting rights. Upon a winding up or reconstruction of the Company, each Ordinary share and each B share shall have an equal right to share in the residual assets of the Company.

18. Share premium account and reserves

In 2007, the Court of Session confirmed the cancellation of the entire amount originally standing to the credit of the share premium account and the creation of two distinct reserves, the first reserve relating to that part of the cancelled share premium account arising from premiums paid on the A shares (the “buy-back reserve”) and the second reserve relating to that part of the cancelled share premium account arising from premiums paid on the B shares (the “special capital reserve”) (The A shares were subsequently renamed Ordinary shares).

The Company will apply these two reserves as follows:

- the buy-back reserve will be available as distributable profits to be used for the buy-back of both Ordinary shares and B shares; and
- the special capital reserve will be used for the purpose of paying capital repayments on the B shares.

Capital management

The Company's capital is represented by the issued share capital, share premium account, capital redemption reserve, buy-back reserve, special capital reserve, capital reserve – investments sold, capital reserve – investments held and revenue reserve. Details of the movement through each reserve are shown in the Statement of Changes in Equity. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Purpose, Strategy and Business Model and Principal Policies and the Report of the Directors. In order to maintain an optimal capital structure through varying market conditions the Company has the ability to:

- issue and buy-back share capital within limits set by the shareholders in general meeting;
- borrow money in the short and long term;
- pay dividends to Ordinary shareholders out of current year revenue earnings as well as out of the brought forward revenue reserve; and
- pay capital repayments to B shareholders out of the special capital reserve.

The Company's Articles of Association allow distributions to be made from realised capital reserves where the balance on this reserve is positive.

The Company has the power under its Articles of Association to borrow an amount up to 100 per cent of the Company's Adjusted Capital and Reserves. The Directors currently intend that the aggregate borrowings of the Company will be limited to approximately 20 per cent of the Company's gross assets immediately following drawdown of any new borrowings. The Directors will, however, retain flexibility to increase or decrease the level of gearing to take account of changing market circumstances and in pursuit of the Company's investment objectives.

19. Net asset value per share

| | 2025 | 2024 |
|---|---------------------|--------------|
| Net assets attributable at the year end | £116,066,000 | £107,766,000 |
| Equity shares in issue at the year end ⁽¹⁾ | 114,781,403 | 114,031,403 |
| Net asset value per Ordinary/B share | 101.12p | 94.51p |

⁽¹⁾ Consisting of 84,322,653 Ordinary Shares and 30,458,750 B Shares (2024: 83,322,653 Ordinary Shares and 30,708,750 B Shares), being the number of shares in issue at the year end.

The Company's treasury net asset value per share, incorporating the 17,744,491 Ordinary shares and 1,617,953 B shares held in treasury at the year end (2024: 18,744,491 Ordinary shares and 1,367,953 B shares), was 101.12p (2024: 94.51p). The Company's current policy is to only re-sell shares held in treasury at a price not less than the net asset value per share.

20. Changes in liabilities arising from financing activities

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Opening liabilities from financing activities | 15,000 | 12,000 |
| Cash-flows: | | |
| Drawdown of revolving credit facility | - | 3,000 |
| Closing liabilities from financing activities | 15,000 | 15,000 |

21. Financial instruments

The Company's financial instruments comprise equity investments, cash balances, receivables and payables that arise directly from its operations and borrowings. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings to achieve enhanced returns. The downside risk of borrowings can be mitigated by raising the level of cash balances held.

The Company may use derivatives for efficient portfolio management from time to time. No derivative financial instruments were used during the current year or prior year. The Company may also write call options over some investments held in the investment portfolio. There were no call options written during the current year or prior year.

The fair value of the financial assets and liabilities of the Company at 31 March 2025 is not materially different from their carrying value in the financial statements.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, market price risk, liquidity risk, interest rate risk and foreign currency risk.

The Board reviews and agrees policies for managing its risk exposure. These policies are summarised as follows and have remained unchanged for the year under review.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

The Company's principal financial assets are bank balances and cash and other receivables, whose carrying amounts in the Statement of Financial Position represent the Company's maximum exposure to credit risk in relation to financial assets. The Company did not have any exposure to any financial assets which were past due or impaired at the current or prior year end.

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. A list of pre-approved counterparties used in such transactions is maintained and regularly reviewed by the Manager, and transactions must be settled on a basis of delivery against payment. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the acceptable quality of the brokers used. The rate of default in the past has been insignificant.

All of the investments of the Company, are held by JPMorgan Chase Bank, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to the securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports as described in the Report of the Audit Committee.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings, normally rated A or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

The Company has no significant concentration of credit risk with exposure spread over a number of counterparties and financial institutions.

21. Financial instruments (Continued)

Market price risk

The fair value of equity and other financial securities 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. Other external events such as protectionism, inflation or deflation, economic recessions, geopolitical backdrop and terrorism could also affect share prices in particular markets. The Company's strategy for the management of market price risk is driven by the Company's investment policy as outlined within the Purpose, Strategy and Business Model on pages 8 and 9 and Principal Policies on pages 28 and 29. The Board sets policies for managing this risk and meets regularly to review full, timely and relevant information on investment performance and financial results. The management of market price risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Investment performance is discussed in more detail in the Manager's Review and further information on the investment portfolio is set out in the sections of this report entitled 'Classification of Investments' and 'Investment Portfolio'.

Any changes in market conditions will directly affect the profit or loss reported through the Statement of Comprehensive Income. A 20 per cent increase in the value of the investment portfolio as at 31 March 2025 would have increased net assets and income for the year by £24,428,000 (2024: an increase of 20 per cent in the Investment Portfolio would have increased net assets and income by £24,253,000). A decrease of 20 per cent (2024: 20 per cent) would have had an equal but opposite effect.

The calculations above are based on investment valuations at the respective statement of financial position dates and are not representative of the year as a whole, nor are they reflective of future market conditions.

Disclosure of the hierarchy of fair value measurements for financial instruments, as required by IFRS 13, is provided in note 11 and in the accounting policies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the liquid nature of the portfolio of investments and the level of cash and cash equivalents ordinarily held. Cash balances are held with a spread of reputable banks with a credit rating of normally A or higher, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

In certain circumstances, the terms of the Company's bank facility entitle the lender to demand early repayment and, in such circumstances, the Company's ability to maintain dividend levels and the net asset value attributable to equity shareholders could be adversely affected. Such early repayment may be required on the occurrence of certain events of default which are customary for facilities of this type. These include events of non payment, breach of other obligations, misrepresentations, insolvency and insolvency proceedings, illegality and a material adverse change in the financial condition of the Company.

The remaining contractual maturities of the financial liabilities at 31 March 2025, based on the earliest date on which payment can be required, were as follows:

| | Three months or less £'000 | More than three months but less than one year £'000 | More than one year but less than two years £'000 | More than two years but less than five years £'000 | Total £'000 |
|----------------------------------|-------------------------------|--|---|---|----------------|
| 31 March 2025 | | | | | |
| Current liabilities | | | | | |
| Payables | 1,625 | - | - | - | 1,625 |
| Loan from subsidiary undertaking | 250 | - | - | - | 250 |
| Revolving credit facility | 15,000 | - | - | - | 15,000 |
| 31 March 2024 | | | | | |
| Current liabilities | | | | | |
| Payables | 540 | - | - | - | 540 |
| Loan from subsidiary undertaking | 250 | - | - | - | 250 |
| Revolving credit facility | 15,000 | - | - | - | 15,000 |

The figures in the above table are on a contractual maturity basis and therefore include interest payments where applicable.

21. Financial instruments (Continued)

Interest rate risk

Some of the Company's financial instruments are interest bearing. They can be a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rate. The Company's exposure to floating interest rates gives cashflow interest rate risk and its exposure to fixed interest rates gives fair value interest rate risk.

Floating rate

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate, which was 4.50 per cent at 31 March 2025 (2024: 5.25 per cent).

Considering the effect on cash balances, an increase of 100 basis points in interest rates would have increased net assets and income for the year by £95,000 (year to 31 March 2024: £11,000). A decrease of 100 basis points would have had an equal but opposite effect. The calculations are based on the net cash balances at the respective statement of financial position date and are not representative of the year as a whole, nor are they reflective of future market conditions.

When the Company draws down amounts under its revolving credit facility, interest is payable based on SONIA (which can vary on a daily basis) plus a margin.

Fixed rate

At 31 March 2025 and 31 March 2024 the Company's investment portfolio did not contain any fixed interest or floating rate interest assets. Details of the Company's investment portfolio are given in note 11 and in the section of this report entitled 'Classification of Investments' and 'Investment Portfolio'. At 31 March 2025 the Company had no fixed interest liabilities.

Foreign currency risk

It is not the Company's policy to hedge any overseas currency exposure on equity investments. Foreign currency exposure (which includes Euro, US Dollar and Swiss Franc denominated assets) at 31 March 2025 and 31 March 2024 was as follows:

| | Investments £'000 | 2025 Net Current Assets £'000 | Total £'000 | Investments £'000 | 2024 Net Current Assets £'000 | Total £'000 |
|--------------|----------------------|---|----------------|----------------------|---|----------------|
| Swiss Franc | - | - | - | 1,802 | 59 | 1,861 |
| Euro | 2,020 | 83 | 2,103 | 5,478 | 110 | 5,588 |
| US Dollar | - | 523 | 523 | - | 6 | 6 |
| Total | 2,020 | 606 | 2,626 | 7,280 | 175 | 7,455 |

Total losses in the year from foreign exchange transactions and balances held in cash were £1,000 (2024 gains: £10,000).

At 31 March 2025, if the value of sterling had weakened against the Euro, US Dollar and Swiss Franc by 10 per cent the impact on the profit or loss and the net asset value would have been an increase of £346,000 (2024: £884,000). If the value of sterling had strengthened against the Euro, US Dollar and Swiss Franc by 10 per cent the effect the impact on the profit or loss and the net asset value would have been a decrease of £283,000 (2024: £724,000).

22. Related parties and transactions with the Manager

The Directors of the Company are considered a related party. Under the FCA UK Listing Rules, the Manager is also defined as a related party. However, the existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered a related party for accounting purposes.

There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 48 to 50 and as set out in note 6 to the financial statements. There are no outstanding balances with the Board at year end.

Angus Pottinger, a non-executive director of the Company, is also a director and shareholder of Boardforms Limited. As disclosed in the Corporate Governance Statement, the Company engaged Boardforms Limited to carry out a board evaluation for the year under review at a cost of £4,200 (including VAT). Angus Pottinger recused himself from all discussions regarding the engagement of Boardforms.

The beneficial interests of the Directors in the Ordinary shares and B shares of the Company are disclosed on page 50.

Transactions between the Company and Columbia Threadneedle Investment Business Limited are detailed in note 4 on investment management fees and in note 15 in relation to fees owed to Columbia Threadneedle Investment Business Limited at the statement of financial position date.

23. Post-balance sheet events

Since 31 March 2025, there are no post balance sheet events which would require adjustment of or disclosure in the financial statements. The latest published unaudited NAV (Cum Income) per Ordinary share and B share was 102.76p as at close of business on 28 May 2025, an increase of 1.6% compared to the NAV per Ordinary share and B share of 101.12p at the Company's year-end of 31 March 2025.

AIFMD Disclosures (Unaudited)

Alternative Investment Fund Managers ('AIFM') Directive

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 31 March 2025 are shown below:

| Leverage exposure | Gross method | Commitment method |
|-------------------|--------------|-------------------|
| Maximum limit | 260% | 260% |
| Actual | 105% | 113% |

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method.

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.

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.

Detailed regulatory disclosures to investors in accordance with the AIFM Directive are contained on the Company's website under Key Documents.

Notice of Annual General Meeting

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 (as amended by the Financial Services Act 2012) 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 shares in CT UK High Income 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.

Notice is hereby given that the eighteenth Annual General Meeting of CT UK High Income Trust PLC (the 'Company') will be held at Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG, on 28 July 2025 at 11 am for the following purposes: to consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 10 and 14 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 as Special Resolutions:

Ordinary Resolutions

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 March 2025 and the reports of the directors and the auditor on those financial statements.
2. To receive, adopt and approve the Directors' Remuneration Report for the financial year ended 31 March 2025 which appears on pages 48 to 50 of the Annual Report and Financial Statements for the financial year ended 31 March 2025 (other than the Directors' Remuneration Policy which appears on page 48 of the Annual Report and Financial Statements).
3. That Helen M Galbraith, who retires annually, be re-elected as a Director.
4. That Stephen J Mitchell, who retires annually, be re-elected as a Director.
5. That Angus W Pottinger, who retires annually, be re-elected as a Director.
6. That Andrew K Watkins, who retires annually, be re-elected as a Director.
7. To re-appoint Deloitte LLP as Auditor of the Company to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting of the Company.
8. To authorise the Directors to determine the Auditor's remuneration.
9. That the Company's dividend/capital repayment policy with regard to quarterly payments as set out in the Annual Report and Financial Statements be approved.
10. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors of the Company 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 to convert any security into shares in the Company ("Rights") provided that such authority shall be limited to the allotment of shares and the grant of Rights in respect of shares with an aggregate nominal value of up to £8,547 in respect of Ordinary shares of 0.1 pence each in the capital of the Company ("Ordinary Shares") (being approximately 10.0 per cent of the total nominal value of the issued Ordinary shares (excluding treasury shares), as at 29 May 2025 and £1,522 in respect of B shares of 0.1 pence each in the capital of the Company ("B Shares"), (being approximately 5.0 per cent of the total nominal value of the issued B shares (excluding treasury shares), as at 29 May 2025), such authority to expire at the conclusion of the Company's next Annual General Meeting held after the passing of this resolution or on 30 September 2026, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require shares in the Company to be allotted or Rights to be granted after the expiry of such authority and the Directors shall be entitled to allot shares in the Company or grant Rights in pursuance of such an offer or agreement as if such authority had not expired.

Special Resolutions

11. That, subject to the passing of Resolution number 10, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the passing of this resolution, the Directors of the Company be and they are hereby generally and unconditionally empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act, provided that for the purposes of this resolution an allotment of equity securities shall be deemed not to include the sale of shares in the Company that immediately before the sale are held by the Company as treasury shares) for cash pursuant to the authority given by Resolution number 10 as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

- (a) expires at the conclusion of the Company's next Annual General Meeting held after the passing of this resolution or on 30 September 2026, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
- (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £8,547 in respect of Ordinary Shares (being approximately 8.4 per cent of the total nominal value of the issued Ordinary Shares (including treasury shares), of the Company as at 29 May 2025) and £1,522 in respect of B Shares (being approximately 4.7 per cent of the total nominal value of the issued B Shares (including treasury shares), of the Company as at 29 May 2025) at a price of not less than the net asset value per share of the existing Ordinary Shares (in the case of an allotment of Ordinary Shares) or B Shares (in the case of an allotment of B Shares).

12. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the passing of this resolution, 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 0.1 pence each in the capital of the Company ("Ordinary shares") and fully paid B shares of 0.1 pence each in the capital of the Company ("B shares") (either for cancellation or for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

- (a) the maximum aggregate number of Ordinary Shares and B Shares hereby authorised to be purchased is 14.99 per cent of the issued Ordinary Shares and 14.99 per cent of the issued B Shares, respectively (excluding Ordinary Shares and B Shares held in treasury) immediately prior to the passing of this resolution (see note 15);
- (b) the minimum price (excluding expenses) which may be paid for an Ordinary Share or B Share is 0.1 pence;
- (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share or B Share shall not be more than the higher of:
 - i. 5 per cent. above the average of the middle market price (as derived from the Daily Official List of the London Stock Exchange) of an Ordinary Share (in the case of a purchase of an Ordinary Share) or B Share (in the case of a purchase of a B Share) over the five business days immediately preceding the date of purchase; and
 - ii. the higher of the price of the last independent trade of an Ordinary Share (in the case of a purchase of an Ordinary Share) or B Share (in the case of a purchase of a B Share) and the highest current independent bid for such an Ordinary Share or B Share on the London Stock Exchange at the time the purchase is carried out; and
- (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting held after the passing of this resolution or on 30 September 2026 whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares and/or B Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares and/or B Shares pursuant to any such contract.

13. That, the Directors of the Company be and they are hereby empowered pursuant to section 573 of the Companies Act 2006 (as amended) (the “Act”) to sell equity securities (within the meanings of sections 560(1) and 560(2) of the Act) wholly for cash as if section 561 of the Act did not apply to any such sale, provided that this power shall be limited to the sale of equity securities for cash out of treasury up to an aggregate nominal amount of £8,547 in respect of Ordinary Shares and £3,045 in respect of B Shares, representing approximately 8.4 per cent of the Company's Ordinary share capital in issue (including treasury shares) as at 29 May 2025 and approximately 9.5 per cent of the Company's B share capital in issue (including treasury shares), respectively, as at 29 May 2025 and shall expire on the earlier of 30 September 2026 or at the conclusion of the Company's next Annual General Meeting held after the passing of this resolution, unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

Ordinary Resolution

14. That the aggregate limit, contained within the Company's articles of association for directors' fees, that the directors may be paid be increased from £175,000 per annum to £200,000 per annum.

By order of the Board

For Columbia Threadneedle Investment Business Limited

Company Secretary

Quartermile 4,

7a Nightingale Way

Edinburgh EH3 9EG

29 May 2025

Notes

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the duly executed enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the address shown on the proxy form not later than 48 hours before the time of the meeting or, in the case of an adjourned meeting, no later than 48 hours before the holding of that adjourned meeting (or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, no later than 24 hours before the time appointed for the taking of the poll). In the calculation of these time periods, no account is taken of any part of a day that is not a working day. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder. Any power of attorney or any other authority under which this proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. On a poll each Ordinary shareholder is entitled to one vote per Ordinary share held and each B shareholder is entitled to one vote per B share held.
2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual and by logging on to www.euroclear.com. 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.
3. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & International Limited’s (“**Euroclear**”) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company’s agent (ID RA19) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’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.
4. 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.
5. 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 am on 24 July 2025 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.
6. Alternatively, shareholders can submit proxy instructions online by going to Equiniti’s Shareview website, www.shareview.co.uk, and logging in to your Shareview Portfolio. Once you have logged in, simply click ‘View’ on the ‘My Investments’ page and then click on the link to vote and follow the on-screen instructions. Votes should be submitted not later than 48 hours (excluding non-working days) before the time of the meeting or adjourned meeting. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes.
7. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those holders of shares entered on the Register of Members of the Company as at 6.30 p.m. on 24 July 2025 or, in the event that the meeting is adjourned, on the Register of Members as at 6.30 pm on the day two days (excluding non-working days) prior to any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of Shares registered in their names at that time. Changes to the entries on the Register of Members after 6.30 p.m. on 24 July 2025 or, in the event that the meeting is adjourned, in the Register of Members as at 6.30 pm on the day two days prior to any adjourned meeting (excluding non-working days), shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.
9. As at 29 May 2025 (being the last business day prior to the publication of this notice) the Company’s issued share capital consists of 85,472,653 Ordinary Shares carrying one vote each and 30,458,750 B Shares carrying one vote each. The Company holds 16,594,491 Ordinary Shares and 1,617,953 B shares in treasury which do not carry voting rights. Therefore the total voting rights in the Company as at 29 May 2025 were 115,931,403 votes. Any person holding 3 per cent of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
10. No Director has a contract of service with the Company. The Directors’ letters of appointment will be available for inspection at the Company’s registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and for 15 minutes prior to, and during, the Annual General Meeting.
11. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from ctukhighincome.co.uk.

12. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
- (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. The members of the Company may require the Company to publish, on its website (without payment), a statement (which is also passed to the Company's auditor) setting out any matter relating to the audit of the Company's accounts including the auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5 per cent of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.
14. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
15. Following Resolution 12 becoming effective, the maximum aggregate number of shares hereby authorised to be purchased shall be 12,812,300 Ordinary shares and 4,565,700 B shares (or, if less, 14.99 per cent. of the number of Ordinary shares and 14.99 per cent. of the number of B shares in issue (excluding treasury shares) immediately prior to the passing of the resolution).
16. Under Section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at Note 18 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.
17. Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at Note 18 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.
18. 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 16); or (ii) a matter of business to be dealt with at the Meeting (see Note 17), 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.

Capital Structure At 31 March 2025

(Unaudited)

The Company has a capital structure comprising Ordinary shares and B shares. In addition, the Company has a bank borrowing facility.

The Company's capital structure offers shareholders the opportunity to receive quarterly returns in the form of either dividends, capital repayments, or both, to suit their own particular circumstances.

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

Only Ordinary shares carry a right to participate in dividends paid by the Company. B shares are not entitled to dividends but each B share instead carries the right to receive a capital repayment at the same time as, and in an amount equal to, each dividend paid in respect of Ordinary shares. The capital repayments are paid out of the special capital reserve and accordingly will only be able to be paid for so long as the amount of the special capital reserve remains sufficient. If and when this reserve is exhausted, the Articles of Association provide that all the Ordinary shares and all the B Shares automatically convert into Ordinary shares with identical rights.

The tax treatment on distributions received from Ordinary shares will be different from that on distributions received from B shares. Dividends paid on the Ordinary shares will be taxed on receipt in the normal way for dividends. Capital repayments received on B shares will fall to be taxed in accordance with the rules relating to the taxation of chargeable gains (see further information below) for non corporate holders (including individuals).

It is the Company's current policy to maintain the ratio of Ordinary shares to B shares (excluding shares held in Treasury) within the range 72.5% : 27.5% and 77.5% : 22.5%. The Board may if it considers it to be in the best interests of the Company, amend the ratio from time to time. However, the Board will always be mindful in setting the ratio of any impact on the level of revenue available for the Ordinary shares.

Bank Facility

The Company has a £15 million revolving credit facility available until 28 September 2025. The returns of both the Ordinary shares and B shares may be geared by this bank facility.

Further information on the B Shares

What is different about the B shares

The B shares are just like any other ordinary share except that, instead of dividends, B shareholders receive capital repayments, so B shareholders will receive the same amount of cash on a quarterly basis as Ordinary shareholders, but when it comes to the tax on these capital repayments the tax treatment will be different.

This is because the capital repayment is taxed under UK Capital Gains Tax ('CGT') rules rather than Income Tax rules for non corporate holders (including individuals). When the B shares are disposed of the capital repayments received need to be taken into account as part of the CGT disposal calculation.

A summary of the tax treatment.

The capital repayments paid on the B shares will be taxed for individuals under CGT rules rather than Income Tax rules.

UK tax is not, in normal circumstances, due on receipt of the quarterly capital repayments and you do not need to include them on your tax return. Instead, when you dispose of B shares, an amount equivalent to the capital repayments you have received is deducted from the tax base cost as part of the CGT calculation. This treatment applies because the quarterly sums are treated as 'small capital receipts' under CGT rules; being either less than 5 per cent of the market value of the B shareholding at the date of receipt or less than £3,000.

An individual B shareholder's annual exempt amount for CGT purposes is not reduced or prejudiced by this treatment of capital repayments. Non UK resident shareholders will not be subject to UK tax on capital repayments, although local tax could arise.

This 'small capital receipt' treatment will only apply where, and to the extent that, the holding of B shares from which the capital return is derived has a positive tax base cost against which to offset the capital receipt. Where this is not the case, the receipt of a capital distribution may fall to be treated as a chargeable gain.

The above is based on an understanding of legislation and HM Revenue and Customs' practice at the time of publication. Tax rates and reliefs depend on the circumstances of the individual investor, are subject to Government legislation and may change in the future. You should consult your tax adviser on your own individual tax circumstances.

Shareholder Information (Unaudited)

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. 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. The net asset value of the Company's shares are released to the market daily, on the working day following the calculation date. They are available, with other regulatory information through the National Storage Mechanism at data.fca.org.uk.

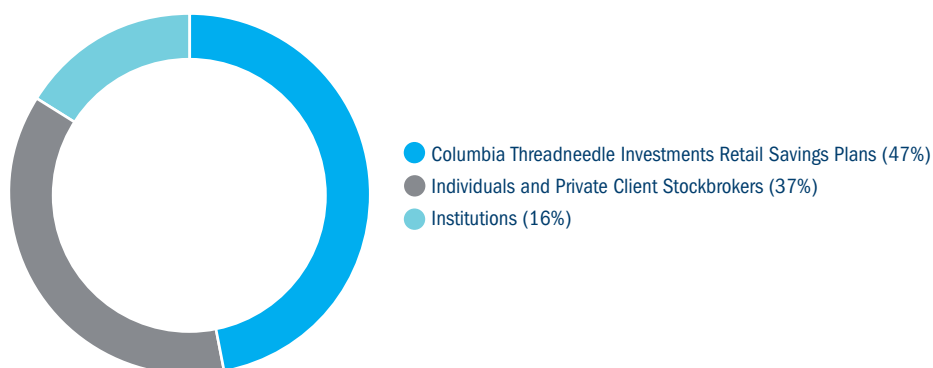
Change of Address

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.

Data protection

The Company is committed to protecting and respecting the confidentiality, integrity and security of the personal data it holds. For information on the processing of personal data, please see the privacy policy on the Company's website.

Profile of the Company's Ownership % of Shares held at 31 March 2025



Warning to shareholders – Boiler Room Scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

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 www.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 www.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 CT UK High Income 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 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.

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.

*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.

To find out more, visit [ctinvest.co.uk](https://www.ctinvest.co.uk)

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

Charges

Details of the annual account charge along with other charges that apply can be found on our website www.ctinvest.co.uk.

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.

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 in, these can be found at www.ctinvest.co.uk/documents.

How to Invest

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

New Customers

Call: 0345 600 3030** (9.00am – 5.00pm, 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: Halifax, AJ Bell, Barclays, Interactive Investor, Hargreaves Lansdown amongst others.



Capital at risk.

The material relates to an investment trust and its Ordinary Shares and B shares are traded on the main market of the London Stock Exchange. The Investor Disclosure Document, Key Information Document (KID), latest annual or interim reports and the applicable terms & conditions are available from Columbia Threadneedle Investments Cannon Place, 78 Cannon Street, London EC4N 6AG, your financial advisor and/or on our website www.columbiathreadneedle.com. Please read the Investor Disclosure Document before taking any investment decision. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness. In the UK: Issued by Columbia Threadneedle Management Limited, No. 517895, registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority. © 2025 Columbia Threadneedle Investments.

WF2778648 (01/25) UK. Expiration Date: 31/01/2026

Ten Year Record

Assets

at 31 March

| £'000s | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|----------------|
| Total assets less current liabilities (ex bank loans) | 144,886 | 134,528 | 149,649 | 129,825 | 127,605 | 97,021 | 126,007 | 118,715 | 116,171 | 122,766 | 131,066 |
| Bank loans at fair value | 18,103 | 18,156 | 18,078 | 7,500 | 7,500 | 7,500 | 11,000 | 7,500 | 12,000 | 15,000 | 15,000 |
| Net assets, debt at fair value | 126,783 | 116,372 | 131,571 | 122,325 | 120,105 | 89,521 | 115,007 | 111,215 | 104,171 | 107,766 | 116,066 |

Net Asset Value (NAV)*

at 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|---------------|
| NAV per A/Ordinary share and per B share | 103.6p | 96.3p | 111.1p | 103.7p | 102.4p | 76.7p | 99.3p | 96.0p | 90.0p | 94.5p | 101.1p |
| NAV High | 107.5p | 107.3p | 112.3p | 116.3p | 115.3p | 111.8p | 103.9p | 107.8p | 97.3p | 94.6p | 102.8p |
| NAV Low | 95.0p | 87.3p | 92.6p | 101.1p | 91.1p | 66.3p | 71.2p | 84.4p | 79.5p | 80.0p | 90.9p |
| NAV total return on 100p – 5 years | | | | | | | | | | | 177.6p |
| NAV total return on 100p – 10 years | | | | | | | | | | | 166.0p |

* includes debt at fair value

Share Price – A/Ordinary Shares

at 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------------|
| Middle market price per share | 100.8p | 89.8p | 104.0p | 96.5p | 95.0p | 69.5p | 91.5p | 87.0p | 82.0p | 84.5p | 99.0p |
| Discount to NAV % | (2.7)% | (6.7)% | (6.4)% | (7.0)% | (7.2)% | (9.3)% | (7.8)% | (9.3)% | (8.9)% | (10.6)% | (2.1)% |
| Share price High | 101.0p | 100.0p | 104.5p | 108.0p | 106.0p | 102.0p | 92.0p | 100.0p | 90.0p | 89.0p | 101.5p |
| Share price Low | 87.5p | 84.0p | 87.5p | 96.0p | 86.3p | 59.5p | 64.0p | 79.5p | 73.5p | 71.0p | 83.0p |
| Share price total return on 100p – 5 years | | | | | | | | | | | 196.4p |
| Share price total return on 100p – 10 years | | | | | | | | | | | 176.3p |

Share Price – B Shares

at 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|---------------|
| Middle market price per share | 100.8p | 91.5p | 104.3p | 95.8p | 95.0p | 67.5p | 91.5p | 88.0p | 84.5p | 83.5p | 97.0p |
| Discount to NAV % | (2.7)% | (5.0)% | (6.1)% | (7.7)% | (7.2)% | (11.9)% | (7.8)% | (8.3)% | (6.1)% | (11.6)% | (4.1)% |
| Share price High | 102.3p | 102.0p | 104.3p | 107.0p | 107.0p | 102.5p | 92.0p | 106.5p | 92.0p | 92.0p | 101.0p |
| Share price Low | 88.5p | 84.5p | 86.5p | 95.8p | 86.0p | 58.0p | 64.0p | 82.0p | 79.0p | 77.0p | 83.0p |
| Share price total return on 100p – 5 years | | | | | | | | | | | 197.1p |
| Share price total return on 100p – 10 years | | | | | | | | | | | 169.5p |

Revenue

For the year ended 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Available for A/Ordinary shares – £'000s | 4,848 | 4,571 | 4,585 | 4,764 | 4,451 | 4,053 | 3,020 | 4,178 | 4,192 | 4,601 | 5,484 |
| Revenue earnings per share | 3.95p | 3.74p | 3.82p | 4.03p | 3.77p | 3.46p | 2.59p | 3.61p | 3.62p | 4.01p | 4.80p |
| Dividends per A/Ordinary share | 4.48p | 4.60p | 4.72p | 4.88p | 5.04p | 5.21p | 5.30p | 5.45p | 5.51p | 5.62p | 5.79p |
| Capital repayments per B share | 4.48p | 4.60p | 4.72p | 4.88p | 5.04p | 5.21p | 5.30p | 5.45p | 5.51p | 5.62p | 5.79p |

Performance

(rebased at 100 at 31 March 2015)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| NAV per A/Ordinary share and B share | 100.0 | 93.0 | 107.2 | 100.1 | 98.8 | 74.0 | 85.8 | 92.7 | 86.8 | 91.2 | 97.6 |
| Middle market price per A/Ordinary share | 100.0 | 89.1 | 103.2 | 95.7 | 94.2 | 68.9 | 90.8 | 86.3 | 81.3 | 83.8 | 98.2 |
| Middle market price per B share | 100.0 | 90.8 | 103.5 | 95.0 | 94.2 | 67.0 | 90.8 | 87.3 | 83.8 | 82.8 | 96.2 |
| Dividends per A/Ordinary share | 100.0 | 102.7 | 105.4 | 108.9 | 112.5 | 116.3 | 118.3 | 121.7 | 123.0 | 125.4 | 129.2 |
| Capital repayments per B share | 100.0 | 102.7 | 105.4 | 108.9 | 112.5 | 116.3 | 118.3 | 121.7 | 123.0 | 125.4 | 129.2 |

Ongoing Charges

For the year ended 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Expressed as a percentage of average net assets | 1.05% | 1.06% | 1.11% | 0.91% | 0.98% | 0.96% | 1.04% | 0.98% | 1.02% | 1.08% | 1.04% |

Gearing

at 31 March

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------|------|------|------|------|------|------|------|------|------|-------|-------------|
| Net gearing | 7.9% | 9.7% | 3.5% | 4.4% | 4.3% | 3.4% | 7.2% | 0.1% | 8.5% | 12.5% | 5.2% |

Alternative Performance Measures ('APMs')

The Company uses the following APMs. These are not statutory accounting measures and are not intended as a substitute for statutory measures.

Discount/premium – the share price of an Investment Trust 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.

| | | At 31 March 2025 | | At 31 March 2024 | |
|---------------------------|-----|------------------|----------------|------------------|----------|
| | | Ordinary shares | B shares | Ordinary shares | B shares |
| Net asset value per share | (a) | 101.12p | 101.12p | 94.51p | 94.51p |
| Share price | (b) | 99.00p | 97.00p | 84.50p | 83.50p |
| Discount (c=(b-a)/(a)) | (c) | -2.1% | -4.1% | -10.6% | -11.6% |

Ongoing charges – all operating costs expected to be incurred in future and that are payable by the Company, expressed as a proportion of the average net assets of the Company over the reporting year. 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 calculation

| | | | 31 March 2025 £'000 | 31 March 2024 £'000 |
|---|-----|------|---------------------------|---------------------------|
| | | Page | | |
| Total expenditure | | 60 | 1,158 | 1,139 |
| Less revolving credit facility commitment fee | | 69 | - | (7) |
| Less non-recurring expenses | | | (2) | (39) |
| Total | (a) | | 1,156 | 1,093 |
| Average daily net assets | (b) | | 111,347 | 100,939 |
| Ongoing charges (c = a/b) | (c) | | 1.04% | 1.08% |

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.

| | | | 31 March 2025 £'000 | 31 March 2024 £'000 |
|---|-----|------|---------------------------|---------------------------|
| | | Page | | |
| Investments held at fair value through profit or loss | (a) | 61 | 122,140 | 121,267 |
| Net assets | (b) | 61 | 116,066 | 107,766 |
| Gearing (c = (a/b) - 1)% | (c) | | 5.2% | 12.5% |

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 share price total returns and NAV total returns are shown below.

| | 31 March 2025 | 31 March 2024 |
|---|------------------------------|------------------------------|
| | Ordinary shares/ B shares | Ordinary shares/ B shares |
| NAV per share at start of financial year | 94.51p | 89.97p |
| NAV per share at end of financial year | 101.12p | 94.51p |
| Change in the year | +7.0% | +5.0% |
| Impact of dividend/capital repayment reinvestments [†] | +6.5% | +6.8% |
| NAV total return for the year | +13.5% | +11.8% |

[†] During the year to 31 March 2025 dividends/capital repayments totalling 5.71p (Ordinary shares/B shares) went ex-dividend. During the year to 31 March 2024 the equivalent figures were 5.51p (Ordinary shares/B shares).

| | 31 March 2025 | | 31 March 2024 | |
|--|-----------------|----------|-----------------|----------|
| | Ordinary shares | B shares | Ordinary shares | B shares |
| Share price per share at start of financial year | 84.5p | 83.5p | 82.0p | 84.5p |
| Share price per share at end of financial year | 99.0p | 97.0p | 84.5p | 83.5p |
| Change in the year | +17.2% | +16.2% | +3.0% | -1.2% |
| Impact of dividend/capital repayment reinvestment [†] | +7.8% | +7.8% | +7.2% | +6.7% |
| Share price total return for the year | +25.0% | +24.0% | +10.2% | +5.5% |

[†] During the year to 31 March 2025 dividends/capital repayments totalling 5.71p (Ordinary shares/B shares) went ex-dividend. During the year to 31 March 2024 the equivalent figures were 5.51p (Ordinary shares/B shares).

| | 31 March 2025 |
|--|------------------------------|
| | Ordinary shares/ B shares |
| NAV per share at 31 March 2022 | 95.97p |
| NAV per share at 31 March 2025 | 101.12p |
| Change in the period | +5.4% |
| Impact of dividend/capital repayment reinvestment [†] | +21.2% |
| NAV total return for the 3 years to 31 March 2025 | +26.6% |

[†] During the 3 years to 31 March 2025 dividends/capital repayments totalling 16.73p (Ordinary shares/B shares) went ex-dividend.

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

| | | 31 March 2025 | | 31 March 2024 | |
|-----------------------------------|-----|-----------------|----------|-----------------|----------|
| | | Ordinary shares | B shares | Ordinary shares | B shares |
| Annual dividend/capital repayment | (a) | 5.79p | 5.79p | 5.62p | 5.62p |
| Share price | (b) | 99.00p | 97.00p | 84.50p | 83.50p |
| Yield = (c=a/b) | (c) | 5.8% | 6.0% | 6.7% | 6.7% |

Glossary of Terms

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

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

AIFMD – the UK version of the Alternative Investment Fund Managers Directive (including all implementing and delegated legislation and as it forms part of UK law following Brexit). Issued by the European Parliament in 2012 and 2013, the Directive required that all investment vehicles in the European Union, including investment trusts, appoint a Depositary and an Alternative Investment Fund Manager before 22 July 2014. The Board of Directors of an investment trust, nevertheless, remain fully responsible for all aspects of the company's strategy, operations and compliance with regulations.

Ordinary Shares – a security issued by the Company. The net asset value attributable to each Ordinary share is equal to the Net Asset Value of the Company divided by the total number of Ordinary shares and B shares in issue. Therefore the net asset value attributable to each of the Ordinary shares and B shares is the same. The Ordinary shares are entitled to dividends paid by the Company.

Benchmark – from 5 July 2018 the FTSE All-Share Index is the benchmark against which the increase or decrease in the Company's net asset value is measured. Prior to 5 July 2018 the benchmark index was the FTSE All-Share Capped 5% Index. As the investments within these indices are not identical to those of the Company, the indices do not take account of operating costs and the Company's strategy does not include replicating (tracking) these indices, there is likely to be some level of divergence between the performance of the Company and the Index.

"FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

B Shares – a security issued by the Company. The net asset value attributable to each B share is equal to the Net Asset Value of the Company divided by the total number of Ordinary shares and B shares in issue. Therefore the net asset value

attributable to each of the Ordinary shares and B shares is the same. The B shares are entitled to capital repayments paid by the Company. These capital repayments will be paid at the same time as, and in an amount equal to, each dividend paid on the Ordinary shares.

Closed-end company – a company, including an investment trust, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the net asset value of the company and in which shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open ended company or fund, which has units not traded on an exchange but issued or bought back from investors at a price directly related to net asset value.

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 – 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. The Company's Custodian is JPMorgan Chase Bank.

Depositary – under AIFMD rules which have applied from July 2014, 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. Under AIFMD regulations, the depositary has strict liability for the loss of the Company's 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. The Company's Depositary is JPMorgan Europe Limited.

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.

Dividend Dates – reference is made in announcements of dividends to three dates. The “ex dividend” date is the date up to which the shareholder needs to hold the shares in order to be entitled to receive the next dividend. As it takes time for a stock purchase to be recorded on the register, dividends are actually paid to the holders of shares on the share register on the “record” date. If a share transfer prior to the ex-dividend date is not recorded on the register before the record date, the selling party will need to pass on the benefit or dividend to the buying party. The “ex-dividend” date is currently the business day prior to the record date. The “payment” date is the date that dividends are credited to shareholders’ bank accounts. This may be several weeks or even months after the record date.

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 shareholders in their entitlement to capital and/or income. They include: 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.

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 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 (set out in note 9 to the financial statements). The Report of the Directors contains confirmation of the Company’s compliance with this law and its consequent exemption from taxation on capital gains.

Manager – Columbia Threadneedle Investment Business Limited, which is ultimately owned by Columbia Threadneedle Investments, the global investment management business of Ameriprise Financial, Inc., a company incorporated in the United States. The responsibilities and remuneration of the Manager are set out in the Purpose, Strategy and Business Model, Report of the Directors and note 4 to the financial statements.

Market capitalisation – the stock market quoted price of the Company’s shares, multiplied by the number of shares in issue. If the Company’s shares trade at a discount to NAV, the market capitalisation will be lower than the Net asset value.

Net asset value (NAV) – the assets less the liabilities of the Company, as set out on the Statement of Financial Position, all valued in accordance with the Company’s Accounting Policies (see note 1 to the financial statements) and UK-adopted International Accounting Standards. The net assets correspond to equity shareholders’ funds, which comprise the share capital account, share premium, capital redemption reserve, buy-back reserve, special capital reserve and capital and revenue reserves.

Net asset value (NAV), Debt at par – the Company’s bank loans are valued in the financial statements at par (the actual amount borrowed) and this NAV including this number is referred to as “NAV, Debt at par”.

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 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.

Ongoing Charges – all operating costs expected to be incurred in future and that are payable by the Company, expressed as a proportion of the average net assets of the Company over the reporting year. 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.

SORP – Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” issued by the AIC.

Corporate Information

Directors

A K Watkins (Chairman)
H M Galbraith
S J Mitchell
A W Pottinger

Alternative Investment Fund Manager ('AIFM'), Investment Manager and Company Secretary

Columbia Threadneedle Investment Business Limited
6th Floor, Quatermile 4
7a Nightingale Way
Edinburgh EH3 9EG

Broker

Panmure Liberum
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Auditor

Deloitte LLP
110 Queen Street
Glasgow G1 3BX

Registrars

Equiniti
Highdown House
Yeoman Way
Worthing
West Sussex BN99 3HH

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

The Royal Bank of Scotland International Limited
440 Strand
London WC2R 0QS

Solicitors

Dickson Minto LLP
16 Charlotte Square
Edinburgh EH2 4DF

Company Number

SC314671

Website

ctukhighincome.co.uk

CT UK High Income Trust PLC


Annual Report and Financial Statements

31 March 2025

Contact us


Registered office:


 6th Floor, Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG

 Tel: 0131 573 8300

 ctukhighincome.co.uk

Registrars:

 Equiniti
Highdown House
Yeoman Way
Worthing
West Sussex BN99 3HH

 Registrars' Shareholder Helpline: +44(0) 371 384 2470*

 shareview.co.uk

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

To find out more visit columbiathreadneedle.com

