

Portfolio manager
David Moss



Manager Commentary

UK equities were weaker in September, with the FTSE All-Share Index falling 1.3% (total return). With limited stock-specific newsflow, there was more focus on a weaker economic backdrop; the month started poorly before regaining some of the losses over the remainder of September. Two more notable events happened towards the end of the month. Firstly, there were rumours that OPEC would bring back production in December, hitting the oil price and causing oil companies’ shares to fall among the weakest in the month. Secondly, the Chinese authorities finally reacted to a very weak economy with a number of stimulus measures. Investors had become increasingly cautious on Chinese stocks and any business that generated a significant portion of their revenues from China. The stimulus surprised the market both in terms of timing and scale, and Chinese stocks and European businesses (such as luxury goods, mining companies and spirits producers) moved sharply higher. The actual impact on the real economy remains to be seen, but it has certainly made investors focus attention back on China.

The Trust was slightly behind the benchmark in September, with the net asset value falling 1.3% (total return). In keeping with the lack of stock-specific news, there were no major impacts – positive or negative – from individual stocks. The single largest positive impact came from owning Rio Tinto after the shares rose strongly on the back of the Chinese stimulus announcement; however, not owning other mining companies meant the impact at the sector level was small. The two biggest individual stock impacts came from Smurfit Westrock and OSB Group, both of which recovered after weak performances in August. Within the oil sector, our holding in Shell detracted from performance; however, the sector impact was positive, as not holding BP (and therefore being underweight the sector) more than compensated. On the negative side, being underweight the personal care sector was a negative, as this traditionally more defensive space did relatively well in weak markets.

Activity was limited during the month, but we did sell the position in German automaker Mercedes. The dividend yield remains attractive and we continue to believe the repositioning of the brand is the right policy. However, the background is weak, as evidenced by the subsequent profit warning. Proceeds were used to add to existing holdings such as UK insurers Phoenix and M&G and retailer Dunelm, where the latter was weak after the founder’s family sold a small part of their holding.

Key risks

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

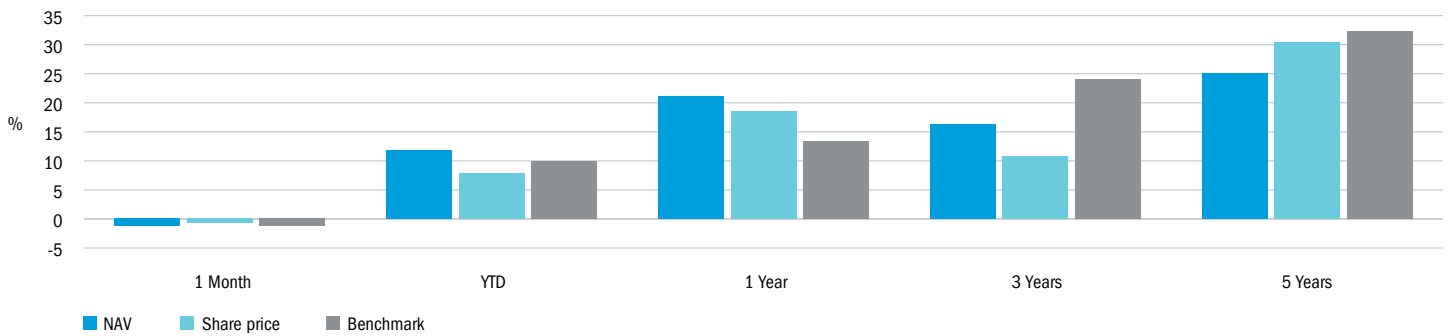
Key facts as at 30.09.24

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

Benchmark:	FTSE All-Share Index
Fund type:	Investment Trust
Launch date:	1 March 2007
Total assets:	£126.4 million
Share price:	89.25p
NAV:	97.90p
Discount/premium(-/+):	-8.84%
Dividend payment dates:	Feb, May, Aug, Nov
Net yield[†]:	6.30%
Net gearing:	12.78%
Management fee rate^{**}:	0.60%
Ongoing charges^{**}:	1.08%
Year end:	31 March
Sector:	UK Equity Income
Currency:	Sterling
Website:	ctukhighincome.co.uk

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

Fund performance as at 30.09.24



Cumulative performance as at 30.09.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-1.26	11.78	21.11	16.21	25.08
Share price	-0.83	7.84	18.47	10.70	30.45
Benchmark	-1.29	9.85	13.40	23.94	32.20

Discrete annual performance as at 30.09.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	21.11	11.24	-13.74	23.98	-13.18
Share price	18.47	12.71	-17.09	31.62	-10.47
Benchmark	13.40	13.84	-4.00	27.89	-16.59

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

Trust codes

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

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Shell	7.20	6.36	0.84	Energy
AstraZeneca	6.31	7.23	-0.92	Health Care
HSBC	6.02	5.16	0.86	Financials
Rio Tinto	5.58	2.36	3.22	Basic Materials
Unilever	3.97	4.96	-0.99	Consumer Staples
Phoenix Group	3.89	0.17	3.72	Financials
GSK	3.62	2.52	1.10	Health Care
Legal & General Group	3.59	0.56	3.03	Financials
NatWest	3.38	0.95	2.43	Financials
M&G	3.10	0.19	2.91	Financials

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

Net Dividend distributions pence per share (paid)/ (declared) with respect to the financial year to 31 March					
	2021	2022	2023	2024	2025
August	1.29	1.29	1.32	1.32	1.35
November	1.29	1.29	1.32	1.32	1.35
February	1.29	1.32	1.32	1.32	
May	1.43	1.55	1.55	1.66	
Total	5.30	5.45	5.51	5.62	2.70

All figures are subject to rounding.

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

Total summary	% of investment portfolio
FTSE 100	78.25
FTSE 250	12.87
Non-Index	4.96
Overseas	2.80
AIM	1.12

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All data as at 30.09.2024 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets, unless stated otherwise. [†]In the absence of unforeseen circumstances, the company currently intends that the aggregate distribution for the financial year to 31 March 2025 will be at least 5.62 pence per share. The yield is therefore calculated using a rate of 5.62 pence per share and the closing share price at the end of the relevant month. ^{*}Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. ^{**}Ongoing charges as at 31 March 2024. Please refer to the latest annual report as to how the management fee is structured. Ongoing charges are calculated in accordance with AIC recommendations. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously.

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

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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