

Portfolio manager  
David Moss



Manager Commentary

Over the month, UK markets were relatively quiet, rising very slightly; however, this hides the average 3% move from trough to peak intra month. News flow was dominated by results as companies reported on 2023, giving their first indications of how good (or bad!) 2024 would be. We have continually talked about the very attractive valuation of the UK market and it now appears others are taking note, with bids or reported bids being made for more and more UK companies.

The Trust's performance was similarly becalmed, with the net asset value up 0.23% in February – rising slightly more than the benchmark. Positive performance was, as might be expected, concentrated in those names that reported better-than-expected results and/or a more positive outlook for 2024. Among such stocks, the biggest contributor was paper-packaging company Smurfit Kappa, where 2023's outcome was better than expected. The company also talked positively both on the 2024 outlook and, perhaps more importantly, the benefits of the upcoming takeover of US company Westrock. Private markets company Intermediate Capital was another strong contributor after reporting stronger-than-expected assets and a positive new business outlook. Recent purchase Mercedes-Benz Group was a top contributor after confirming a high dividend and announcing a new share buyback programme.

On the negative side, Close Brothers was once again the largest detractor from performance after it announced the cancellation of the interim dividend in order to start building reserves to meet potential liabilities from the Financial Conduct Authority's (FCA) review of Motor Finance practices. Tobacco company Imperial Brands was also weak as rumours of another large increase in tobacco duty in the forthcoming budget appeared. Specialist buy-to-let lender One Savings Bank gave back some of its recent very strong performance, although it is yet to report on 2023.

We sold the position in Close Brothers after a small recovery in the share price. The FCA review will not report until September and, as we are unable to accurately assess the potential redress payable from the review, we felt the stock had become un-investable, with the cancellation of the dividend removing one of the key reasons for ownership. We also reduced the Trust's position in Irish housebuilder Cairn Homes as the shares' strong performance meant that the dividend yield was now much lower. The funds raised were primarily invested in existing holdings with attractive dividend yields such as Shell, Insurers Phoenix and M&G, NatWest and miner Rio Tinto, and we also started a position in UK homewares retailer Dunelm. Dunelm has a long-term track record of value creation and a high dividend payout ratio. We believe it has still got a long-term opportunity to drive market share, providing the Trust with both a high level of income now (with a dividend yield of over 5%) and the prospect of long-term growth in the payout.

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.

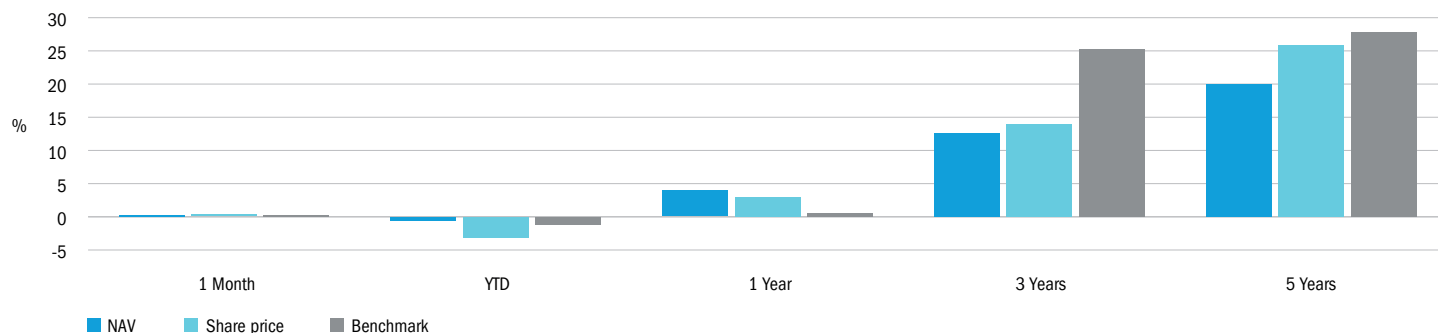
Key facts as at 29.02.24

**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:	£117.5 million
Share price:	83.00p
NAV:	89.90p
Discount/premium(-/+):	-7.68%
Dividend payment dates:	Feb, May, Aug, Nov
Net yield†:	6.64%
Net gearing:	12.57%
Management fee rate**:	0.60%
Ongoing charges**:	1.02%
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 29.02.24



## Cumulative performance as at 29.02.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	0.23	-0.48	3.91	12.51	19.93
Share price	0.30	-3.13	2.95	13.98	25.78
Benchmark	0.19	-1.13	0.57	25.21	27.74

## Discrete annual performance as at 29.02.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	3.91	4.67	3.45	3.43	3.06
Share price	2.95	6.47	3.99	6.93	3.20
Benchmark	0.57	7.30	16.03	3.50	-1.43

**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
CT UK High Income Units	CHIU	B1N4H93

## Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Shell	7.95	7.15	0.80	Energy
AstraZeneca	6.37	6.49	-0.12	Health Care
Rio Tinto	5.82	2.43	3.39	Basic Materials
GSK	4.32	2.95	1.37	Health Care
RELX	4.11	2.89	1.22	Consumer Discretionary
Phoenix Group	3.80	0.16	3.64	Financials
Imperial Brands	3.60	0.67	2.93	Consumer Staples
Intermediate Capital	3.53	0.24	3.29	Financials
Compass Group	3.43	1.63	1.80	Consumer Discretionary
NatWest	3.40	0.58	2.82	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)						
	2019	2020	2021	2022	2023	2024
February	1.25	1.29	1.29	1.32	1.32	1.32
May	1.29	1.34	1.43	1.55	1.55	
August	1.29	1.29	1.29	1.32	1.32	
November	1.29	1.29	1.29	1.32	1.32	
<b>Total</b>	<b>5.12</b>	<b>5.21</b>	<b>5.30</b>	<b>5.51</b>	<b>5.51</b>	<b>1.32</b>

All figures are subject to rounding.

Glossary	
<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	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	70.36
FTSE 250	16.95
Overseas	6.77
Non-Index	4.47
AIM	1.45

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All data as at 29.02.2024 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets, unless stated otherwise. <sup>†</sup>In the absence of unforeseen circumstances, the Company currently intends that the aggregate distribution for the financial year to 31 March 2024 will be at least 5.51 pence per share. The yield is therefore calculated using a rate of 5.51 pence per share and the closing share price at the end of the relevant month. <sup>\*</sup>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. <sup>\*\*</sup>Ongoing charges as at 31 March 2023. 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, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: [sales.support@columbiathreadneedle.com](mailto:sales.support@columbiathreadneedle.com) or electronically at [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com). Please read before taking any investment decision.

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