

# **SMP High Income Fund PLC**

**Unaudited Interim Financial Statements**

**for the six-month period ended 31 March 2020**

# **SMP High Income Fund PLC**

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2020*

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# **SMP High Income Fund PLC**

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2020*

## **General Information**

### **Directors**

W J Clarke\* (Chairman)

G M Easton\*

R K Corkill

S W Bowden

\* denotes Non-executive Director

### **Company Secretary**

R K Corkill

### **Manager and Registrar**

SMP Fund Services Limited

Clinch's House

Lord Street

Douglas

Isle of Man IM99 1RZ

British Isles

### **Investment Manager**

Aberdeen Asset Managers Limited

10 Queen's Terrace

Aberdeen

AB10 1YG

British Isles

### **Fiduciary Custodian**

Apex Financial Services (Corporate) Limited

12 Castle Street

St Helier

Jersey JE2 3RT

British Isles

### **Auditor**

PricewaterhouseCoopers LLC

Sixty Circular Road

Douglas

Isle of Man

IM1 1SA

British Isles

# SMP High Income Fund PLC

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2020*

## Manager's Report

### Introduction

As detailed in the previous section entitled 'General Information', SMP High Income Fund PLC (the "Fund") is managed by SMP Fund Services Limited (the "Manager") and the investment manager is Aberdeen Asset Managers Limited (the "Investment Manager"). That section also details the Directors, the Company Secretary, the Fiduciary Custodian and the Auditor.

The Fund is an Authorised Scheme for the purposes of the Collective Investment Schemes Act 2008. The Fund is established as an open-ended investment company and is managed in the Isle of Man under the Companies Acts 1931 to 2004 and in accordance with the Authorised Collective Investment Schemes Regulations 2010 (the "Regulations"). The Fund has elected to be a type A scheme for the purpose of the Regulations. In accordance with the Regulations, the Fund complies with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 (the "SORP") and includes the portfolio statement as part of the Manager's report. The Fund was originally established and authorised on 3 March 1989.

### Important information

The Unaudited Interim Financial Statements for the six-month period ended 31 March 2020 (together with the Unaudited Abbreviated Interim Report for the six-month period ended 31 March 2020 that has been sent to all registered shareholders) may be viewed on our website - [www.smppartners.com](http://www.smppartners.com) and are available for inspection at the registered office of the Fund. The website also provides daily pricing information for the Fund.

If shareholders have any questions regarding the Fund please contact our Shareholder Services Team on 01624 682224 - or by email to [fund.services@smppartners.com](mailto:fund.services@smppartners.com).

### Investment objective, policy and strategy

The Fund's investment objective is to provide investors with a high return, before taxation, from a managed portfolio of predominantly fixed-interest securities, denominated in sterling and other currencies, with net income distributed on a quarterly basis.

### Investment Manager's overview for the six-month period ended 31 March 2020

#### Market review

The six months under review have been volatile in financial markets. Economic data, trade wars, Brexit and political uncertainty were all contributory factors, but the scale of the coronavirus pandemic – and its implications for the global economy – has been overwhelmingly the primary influence on markets.

While bond yields rose in many government markets in the final three months of 2019, corporate bond markets performed well as risk appetite remained strong. In investment grade markets, spreads were materially tighter with the US and sterling markets leading the way. High yield and emerging markets were also strong. European high yield indices were approximately 60 basis points (bps) tighter, leading to some good returns. This more positive environment for risk assets came about as global economic data appeared to be picking up modestly and a 'phase one' trade deal between the US and China was agreed. Global central banks also appear to be prepared to maintain – or even extend – their accommodative stances going forward, thus providing further confidence.

However, everything changed in the first quarter of 2020 – and, in particular, the final weeks of the review period. The Covid-19 pandemic gradually spread West from January. However, it was only in the second half of the period – after supply-chain disruption turned into full-scale countrywide lockdowns – that risk assets started aggressively pricing in this seismic event. Spreads in investment-grade, high-yield and emerging-markets bonds were all pushed sharply wider and these asset classes delivered sizeable negative returns. Central banks and governments were forced to take action with rate cuts, bond-buying programmes and a variety of fiscal measures all implemented to mitigate the financial and/or economic problems caused by the lockdowns. Despite these actions, spreads in high-yield corporate bonds now reflect a view that defaults will increase materially, and all risk assets are indicating significant economic stress. The high-yield market in Europe fell almost 15% and emerging market sovereign bonds declined a similar amount. Energy-related industries and countries were among the worst affected areas, with an oil supply disagreement between Saudi Arabia and Russia adding further distress.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Manager's Report (continued)

### Investment Manager's overview for the six-month period ended 31 March 2020 (continued)

#### Performance and activity of the Fund

Performance was strong in the first three months of the review period. While an overweight exposure to falling yields cost performance in October as yields rose, this was more than offset by the Fund's overweight to credit market movements. Annington Finance, Tesco Property and Well Tower were notable outperformers. Against that, there was underperformance from gilt positions. In November, we reduced the Fund's exposure to M&G and Barclays as part of a general reduction in financial bonds. Most outperformance relative to benchmark came from the Fund's overweight position in credit risk – notably, insurance bonds. Asset allocation among sectors was also beneficial, and an underweight stance in government-related bonds helped. We added a position in AbInBev, a global brewing group, and participated in new Issues from National Express and Fidelity National Information. Most of December's outperformance came from an overweight position in credit risk. In particular, UK bank and insurance names rallied strongly after the UK general election result.

In January, the Fund benefited from its holdings in UK real estate, utilities and UK banks. With the growth of the number of cases of coronavirus, we sold a number of positions that could be exposed. These included Intercontinental Hotels; around 8% of its revenue is derived from the Chinese market, and GM; the company could struggle to sort out supply chain difficulties caused by factory shutdowns in China. We reduced exposure to Heathrow for similar reasons. In February, we sold some of our HSBC exposure, owing to political unrest in Hong Kong and mounting concerns about the coronavirus. We increased our exposure to BAT to a more neutral stance, given good recent results. We added Verizon and Comcast to the Fund.

Underperformance in March came from the Fund's long-standing overweight position in credit risk. Against that, security selection was a large positive. So, too, was asset allocation within sectors. We sold EIB 2021 and Apple 2029 to raise liquidity. HSBC 2033 was sold to further reduce exposure to the group. Phoenix Group was sold in early March to reduce subordinated insurance exposure. Barclays 2024 was reduced. We bought EDF hybrids to gain exposure to a largely French state-owned entity cheaply. We bought Barclays 10% 2021 bond due to its short-dated nature and very high yield given very little default risk. Fidelity National Information was topped up. We also bought some Royal Bank of Canada 2026 bonds at attractive levels.

#### Outlook\*

With the UK in complete lockdown, it is now a waiting game to see what the overall impact of Covid-19 will be. The chancellor did announce "whatever it takes". However, there are limitations to what fiscal policy can achieve. From an economic perspective, we will need to wait to see the extent of the damage. From a gilt perspective, we expect the Bank of England's QE programme to kick-in and ensure both the functioning of the market, and to keep yields low and well behaved. For corporate bonds, much now depends on the longevity of the virus. Spread markets have rapidly priced in a very gloomy outlook. As an asset class, investment grade is now relatively attractive if the virus is contained and economic activity starts to pick up over the coming quarter. The shock to earnings and dividends will be severe and credit quality and ratings will deteriorate, but some value has emerged over recent weeks.

*\* Investments markets and conditions can change rapidly and as such, the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Manager's Report (continued)

### Shareholders' liability

The shareholders are only liable for the debts of the Fund to the extent of their investment.

### Shares in issue

The total number of participating redeemable preference shares in issue at the beginning and at the end of the period under review were:

30 September 2019	59,455,542
31 March 2020	57,223,747

### Value per share

The mid-market value per share at the beginning and the end of the period under review was:

30 September 2019	57.15p
31 March 2020	53.78p

### Portfolio statement

Portfolio details are shown on pages 7 to 10.

**R K Corkill**

**Director**

**SMP Fund Services Limited**

18 May 2020

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Comparative Table

	2020*	2019	2018
	p	p	p
<b>Change in net asset value per share</b>			
Opening net asset value per share	57.15	53.62	55.48
Return before operating charges**	(2.36)	5.63	0.29
Operating charges	(0.28)	(0.49)	(0.52)
Return after operating charges**	(2.64)	5.14	(0.23)
Distributions on preference shares	(0.73)	(1.61)	(1.63)
<b>Closing net asset value per share</b>	<b>53.78</b>	<b>57.15</b>	<b>53.62</b>

\*For the six-month period ended 31 March 2020

\*\*after direct transaction costs of

## Performance

Return after charges	(4.62)%	9.59%	(0.41)%
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## Other information

<b>Closing net asset value</b>	<b>£ 30,775,292</b>	<b>£ 33,980,283</b>	<b>£ 34,402,323</b>
<b>Closing number of shares</b>	<b>57,223,747</b>	<b>59,455,542</b>	<b>64,154,434</b>
Operating charges	0.50%	0.89%	0.95%
Direct transaction costs	0.003%	0.007%	0.008%

Additional comparative table disclosures required by the Authorised Collective Investment Schemes Regulations 2010:

## Performance record

	Highest share price p	Lowest share price p	Net distribution per share* p
01.10.2015 to 30.09.2016	62.81	51.70	1.91
01.10.2016 to 30.09.2017	61.28	54.67	1.91
01.10.2017 to 30.09.2018	56.52	53.71	1.63
01.10.2018 to 30.09.2019	58.00	52.98	1.61
01.10.2019 to 31.03.2020	58.63	51.39	0.73

\*Net distribution per share is based on average shares in issue during the period/year.

## Ongoing charges figure ("OCF") for the period/year ended

**OCF\***  
%

30 September 2017	0.86%
30 September 2018	0.95%
30 September 2019	0.89%
31 March 2020**	0.99%

\* The OCF is the total expenses paid by the Fund in the period/year expressed as a percentage of the Fund's average net asset value.

\*\* Charges in the six-month period ended 31 March 2020, annualised.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Comparative Table (Continued)

	% of Fund's property 31.03.2020	% of Fund's property 30.09.2019
<b>Details of investments</b>		
Government bonds	-	1.86
Corporate bonds	95.06	96.79
Bank balances	4.94	1.35
	100.00	100.00

## Top five holdings

Asset description	% of Fund's property 31.03.2020	Asset description	% of Fund's property 30.09.2019
SNCF Reseau 4.83% 25/03/2060	1.52	European Investment Bank 5.375% 07/06/2021	2.53
Equity Release Funding No 3 Plc 5.05% 26/04/2033	1.49	Welltower Inc 4.8% 20/11/2028	1.39
Welltower Inc 4.8% 20/11/2028	1.44	Equity Release Funding No 3 Plc 5.05% 26/04/2033	1.35
European Investment Bank 4.25% 07/12/2021	1.36	SNCF Reseau 4.83% 25/03/2060	1.35
Innogy Finance BV 6.125% 06/07/2039	1.18	European Investment Bank 4.25% 07/12/2021	1.23



# SMP High Income Fund PLC

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## Portfolio Statement

	Quantity 31.03.2020	Valuation £	% of Fund's property
<b>Corporate Bonds</b>			
Abertis Infraestructuras 3.375% 27/11/2026	100,000	96,064	0.31%
ABN AMRO Bank NV 1.375% 07/06/2022	100,000	97,895	0.32%
America Movil SAB de CV 4.375% 07/08/2041	170,000	203,744	0.67%
Amgen Inc 4% 13/09/2029	100,000	109,061	0.36%
Anheuser-Busch InBev SA/ 2.25% 24/05/2029	100,000	93,050	0.31%
Anheuser-Busch InBev SA/NV 2.85% 25/05/2037	113,000	101,924	0.33%
Annington Funding PLC 3.184% 12/07/2029	100,000	99,520	0.33%
Annington Funding PLC 3.935% 12/07/2047	200,000	203,915	0.67%
APT Pipelines Ltd 3.125% 18/07/2031	100,000	97,754	0.32%
Aspire Defence Finance PLC 4.674% 31/03/2040	50,000	57,829	0.19%
Aspire Defence Finance PLC 4.674% 31/03/2040	230,000	265,834	0.87%
AT&T Inc 4.875% 01/06/2044	100,000	118,102	0.39%
AT&T Inc 5.2% 18/11/2033	140,000	165,837	0.54%
Aviva PLC 4.375% 12/09/2049	116,000	109,578	0.36%
Aviva PLC 6.125% Perp	360,000	352,755	1.16%
AXA SA 5.453% Perp	250,000	253,364	0.83%
AXA SA 6.686% Perp	150,000	162,296	0.53%
Bank Nederlandse Gemeenten NV 5.2% 07/12/2028	150,000	204,852	0.67%
Bank of America Corp 2.3% 25/07/2025	100,000	97,054	0.32%
Bank of America Corp 7% 31/07/2028	200,000	249,628	0.82%
Barclays PLC 10% 21/05/2021	135,000	143,172	0.47%
Barclays PLC 2.375% 06/10/2023	327,000	317,295	1.04%
Barclays PLC 3% 08/05/2026	231,000	216,098	0.71%
Barclays Bank UK PLC 4.25% 12/01/2022	200,000	212,871	0.70%
BAT Capital Corp 2.125% 15/08/2025	118,000	112,809	0.37%
BAT International Finance PLC 4% 04/09/2026	310,000	322,667	1.06%
Berkshire Hathaway FIN 2.375% 19/06/2039	100,000	99,962	0.33%
Berkshire Hathaway FIN 2.625% 19/06/2059	115,000	120,713	0.40%
BG Energy Capital PLC 5% 04/11/2036	170,000	213,388	0.70%
BHP Billiton Finance LTD 6.5% 22/10/2077	224,000	231,778	0.76%
BP Capital Markets PLC 1.827% 08/09/2025	100,000	95,637	0.31%
BP Capital Markets PLC 2.274% 03/07/2026	191,000	185,919	0.61%
British Land Co PLC/The 2.375% 14/09/2029	123,000	123,708	0.41%
BRITISH TELECOMMUNICATION 6.375% 23/06/2037	50,000	67,332	0.22%
BUPA Finance PLC 2% 05/04/2024	100,000	99,423	0.33%
BUPA Finance PLC 5% 08/12/2026	100,000	106,210	0.35%
Catalyst Housing Ltd 3.125% 31/10/2047	100,000	110,376	0.36%
CENTRICA PLC 7% 19/09/2033	50,000	69,861	0.23%
Channel Link Enterprises Finance PLC 3.043% 30/06/2050	100,000	102,678	0.34%
Cie de Saint-Gobain 5.625% 15/11/2024	200,000	226,304	0.74%
Circle Anglia Social Housing PLC 7.25% 12/11/2038	50,000	86,817	0.28%
Citigroup Inc 1.75% 23/10/2026	119,000	109,419	0.36%
Citigroup Inc 7.375% 01/09/2039	160,000	243,914	0.80%
Comcast Corp 1.875% 20/02/2036	100,000	92,759	0.30%
Commonwealth Bank of Australia 1.125% 22/12/2021	205,000	206,960	0.68%
Connect Plus Issuer 2.607% 31/03/2039	109,000	113,378	0.37%
Cooperatieve Rabobank UA 4.625% 23/05/2029	230,000	241,493	0.79%
CPUK FINANCE LTD 3.69% 28/08/2028	130,000	127,462	0.42%
Credit Agricole SA 1.25% 02/10/2024	100,000	94,303	0.31%
Credit Suisse Group AG 2.125% 12/09/2025	200,000	189,773	0.62%
CRH FIN UK PLC 4.125% 12/02/2029	100,000	109,882	0.36%
CYBG PLC 5% 02/09/2026	130,000	127,403	0.42%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Portfolio Statement (continued)

	Quantity 31.03.2020	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
Danske Bank 2.25% 24/01/2028	100,000	92,672	0.30%
Deutsche Bank 2.625% 16/12/2024	200,000	182,338	0.60%
DIGITAL STOUT HOLDING LLC 3.75% 17/10/2030	128,000	132,326	0.43%
DS Smith PLC 2.875% 26/07/2029	100,000	94,707	0.31%
E.ON International Finance BV 6.375% 07/06/2032	213,000	290,235	0.95%
Eastern Power Networks PLC 6.25% 12/11/2036	100,000	148,767	0.49%
Electricite de France SA 5.5% 17/10/2041	100,000	136,283	0.45%
Electricite de France SA 5.125% 22/09/2050	50,000	69,060	0.23%
Electricite de France SA 6% 23/01/2114	100,000	150,195	0.49%
Electricite de France SA 6.25% 30/05/2028	250,000	318,769	1.05%
Electricite de France SA 6.125% 02/06/2034	100,000	136,487	0.45%
Electricite de France SA 6% 31/12/2049	100,000	96,892	0.32%
Enel Finance International NV 5.75% 14/09/2040	85,000	111,083	0.36%
Enel SpA 5.75% 22/06/2037	100,000	128,473	0.42%
Engie SA 5% 01/10/2060	50,000	83,757	0.27%
Equity Release Funding No 3 PLC 5.05% 26/04/2033	360,000	454,653	1.49%
European Investment Bank 4.25% 07/12/2021	390,000	414,277	1.36%
European Investment Bank 5% 15/04/2039	126,000	210,801	0.69%
Eversholt Funding PLC 3.529% 07/08/2042	100,000	101,720	0.33%
Fidelity National Information Services Inc 2.25% 03/12/2029	225,000	211,128	0.69%
Fidelity National Information Services Inc 3.36% 21/05/2031	200,000	205,545	0.67%
First Abu Dhabi Bank PJS 1.375% 19/02/2023	114,000	111,273	0.36%
Firstgroup PLC 8.75% 08/04/2021	150,000	156,123	0.51%
Gatwick Funding Ltd 5.75% 23/01/2037	100,000	122,790	0.40%
Gatwick Funding Ltd 6.125% 02/03/2026	100,000	115,463	0.38%
GlaxoSmithKline Capital PLC 5.25% 10/04/2042	100,000	145,656	0.48%
Great Rolling Stock Co Ltd/The 6.5% 05/04/2031	200,000	207,436	0.68%
HAMMERSON PLC 7.25% 21/04/2028	90,000	95,397	0.31%
HBOS STERLING FIN JERSEY 7.881% PERP	94,000	144,773	0.47%
Heathrow Funding Limited 5.875% 13/05/2041	100,000	130,290	0.43%
Heathrow Funding Ltd 4.625% 31/10/2046	100,000	114,086	0.37%
Heathrow Funding Ltd 6.45% 10/12/2031	80,000	103,454	0.34%
HSBC Holdings PLC 2.256% 13/11/2026	215,000	206,466	0.68%
HSBC Bank Capital Funding Sterling 1 LP 5.844%	215,000	286,183	0.94%
Hutchison Whampoa Finance UK PLC 5.625% 24/11/2026	200,000	241,626	0.79%
Innogy Finance BV 6.125% 06/07/2039	250,000	359,272	1.18%
KRAFT HEINZ FOODS CO 4.125% 01/07/2027	287,000	279,963	0.92%
Livewest Treasury Plc 2.25% 10/10/2043	100,000	96,927	0.32%
Lloyds Bank PLC 7.625% 22/04/2025	100,000	116,893	0.38%
Lloyds Bank PLC 9.625% 06/04/2023	280,000	329,308	1.08%
London & Quadrant Housing Trust Ltd 3.75% 27/10/2049	200,000	235,766	0.77%
M&G PLC 5.625% 20/10/2051	108,000	105,886	0.35%
Marks & Spencer PLC 4.75% 12/06/2025	100,000	98,960	0.32%
McDonald's Corp 4.125% 11/06/2054	100,000	116,710	0.38%
Meadowhall Finance 4.986% 01/12/2032	250,000	212,102	0.70%
MetLife Inc 5.375% 09/12/2024	300,000	339,717	1.11%
MORHOMES PLC 3.4% 19/02/2038	153,000	166,121	0.54%
National Express Group Plc 2.375% 20/11/2028	100,000	89,065	0.29%
National Grid Electricity Transmissions 1.375% 16/09/2026	200,000	196,662	0.64%
Nationwide Building Society 5.625% 28/01/2026	230,000	293,043	0.96%
New York Life Global Funding 1.75% 15/12/2022	100,000	98,899	0.32%
New York Life Global Funding 1.625% 15/12/2023	100,000	98,272	0.32%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Portfolio Statement (continued)

	Quantity 31.03.2020	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
NewRiver REIT PLC 3.5% 07/03/2028	100,000	95,077	0.31%
NIE Finance PLC 6.375% 02/06/2026	200,000	248,762	0.82%
Northern Gas Networks Finance PLC 4.875% 15/11/2035	130,000	171,154	0.56%
Northumbrian Water Finance PLC 2.375% 05/10/2027	183,000	186,091	0.61%
Notting Hill Housing Trust 4.375% 20/02/2054	100,000	132,502	0.43%
Offa No 1 PLC 1.855% 14/06/2050	160,000	77,822	0.26%
Orange SA 3.25% 15/01/2032	100,000	105,727	0.35%
Orange SA 5.375% 22/11/2050	50,000	73,136	0.24%
Orbit Capital PLC 3.5% 24/03/2045	100,000	114,494	0.38%
ORSTED A/S 5.75% 09/04/2040	100,000	147,093	0.48%
Peabody Capital No 2 Plc 4.625% 12/12/2053	100,000	144,818	0.47%
Precise Mortgage Funding 2018-2B PLC 1.286% 12/03/2055	200,000	119,061	0.40%
Premiertel PLC 6.175% 08/05/2032	170,000	182,735	0.60%
Prudential PLC 5.56% 20/07/2055	100,000	93,200	0.31%
QBE Insurance Group Ltd 6.115% 24/05/2042	224,000	236,192	0.77%
QUADGAS FINANCE PLC 3.375% 17/09/2029	251,000	255,566	0.84%
RMPA Services PLC 5.337% 30/09/2038	175,000	171,232	0.56%
Royal Bank of Scotland Group PLC 2.875% 19/09/2026	100,000	97,227	0.32%
Royal Bank of Scotland Group PLC 3.125% 28/03/2027	208,000	201,996	0.66%
RSA Insurance Group PLC 5.125% 10/10/2045	150,000	157,848	0.52%
Santander UK PLC 5.25% 16/02/2029	211,000	283,884	0.93%
Scania CV AB 1.875% 28/06/2022	100,000	98,667	0.32%
Scentre Group Trust 1 / Scentre Group Trust 2 2.375% 08/04/2022	150,000	150,720	0.49%
Scottish Hydro Electric 2.25% 27/09/2035	200,000	191,229	0.63%
Severn Trent Utilities Finance PLC 2.75% 05/12/2031	200,000	209,541	0.69%
SGSPAA AUSTRALIA ASSETS 5.125% 11/02/2021	160,000	164,842	0.54%
SNCF RESEAU 4.83% 25/03/2060	240,000	463,486	1.52%
Societe Generale 1.875% 03/10/2024	200,000	188,690	0.62%
Society of Lloyd's 4.875% 07/02/2047	100,000	99,346	0.33%
Southern Gas Networks PLC 3.1% 15/09/2036	100,000	108,927	0.36%
Southern Gas Networks PLC 6.375% 15/05/2040	118,000	188,051	0.62%
SP Transmission Plc 2% 13/11/2031	100,000	96,083	0.31%
SSE PLC 3.875% Perp	300,000	295,668	0.97%
Stagecoach Group PLC 4% 29/09/2025	200,000	196,035	0.64%
Svenska Handelsbanken AB 1.625% 18/06/2022	360,000	353,655	1.16%
Swedbank AB 1.25% 29/12/2021	132,000	129,267	0.42%
TC DUDGEON 3.158% 11/12/2038	100,000	106,963	0.35%
Telereal Securitisation PLC 4.09% 10/12/2033	150,000	154,428	0.51%
Tesco Property Finance 3 PLC 5.744% 13/04/2040	100,000	120,050	0.39%
Tesco Property Finance 4 PLC 5.8006% 10/13/2040	100,000	122,373	0.40%
TESCO PROPERTY FINANCE 5.6611% 13/10/2041	100,000	122,063	0.40%
Thames Water Utilities Finance Ltd 5.125% 28/09/2037	130,000	168,417	0.55%
THFC Funding No 2 PLC 6.35% 08/07/2039	120,000	191,532	0.63%
Time Warner Cable LLC 5.75% 02/06/2031	165,000	190,479	0.62%
Total Capital International SA 1.25% 16/12/2024	170,000	161,946	0.53%
TOTAL CAPITAL INTL SA 1.405% 03/09/2031	100,000	87,170	0.29%
Tritax Big Box REIT PLC 2.625% 14/12/2026	248,000	248,341	0.81%
Unite Group 3.5% 15/10/2028	130,000	134,107	0.44%
UPP Bond 1 Issuer plc 4.902% 28/02/2040	150,000	162,883	0.53%
Verizon Communications Inc 1.875% 19/09/2030	140,000	131,038	0.43%
Verizon Communications 3.375% 27/10/2036	223,000	236,652	0.78%
Vicinity Centres Trust 3.375% 07/04/2026	100,000	103,533	0.34%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Portfolio Statement (continued)

	Quantity 31.03.2020	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
Virgin Media Secured Finance PLC 5% 15/04/2027	120,000	114,467	0.38%
VIRGIN MONEY UK PLC 4% 03/09/2027	150,000	139,635	0.46%
VMUKLN PLC 3.375% 24/04/2026	150,000	138,027	0.45%
Vodafone Group PLC 3.375% 08/08/2049	150,000	142,498	0.47%
Volkswagen Financial Services NV 1.875% 09/07/2021	100,000	98,660	0.32%
Volkswagen Financial Services NV 2.25% 12/04/2025	124,000	116,228	0.38%
Volkswagen FIN SERV 2.125% 27/06/2024	100,000	94,458	0.31%
Welltower Inc 4.8% 20/11/2028	390,000	438,771	1.44%
Wessex Water Services 1.5% 17/09/2029	200,000	189,004	0.63%
Western Power Distribution PLC 3.625% 06/11/2023	100,000	103,523	0.34%
Western Power Distribution West Midlands PLC 5.75% 16/04/2032	200,000	257,611	0.84%
Western Power Distribution South Wales PLC 9.25% 09/11/2020	297,000	310,484	1.02%
Westfield Stratford No 2 1.642% 04/08/2026	123,000	122,716	0.40%
Westpac Banking Corp 1% 30/06/2022	200,000	200,941	0.66%
Westpac Banking Corp 2.625% 14/12/2022	100,000	100,189	0.33%
WM MORRISON SUPERMARKETS 2.5% 01/10/2031	200,000	186,189	0.61%
WM Treasury 2 PLC 3.25% 20/10/2048	100,000	117,026	0.38%
Wrekin Housing Group Ltd 2.5% 22/10/2048	100,000	102,075	0.33%
Yorkshire Building Society 3.5% 21/04/2026	100,000	105,335	0.35%
<b>Total Corporate Bonds</b>		<b>28,996,206</b>	<b>95.06%</b>
			(As at 30.09.2019: 96.79%)
<b>Total Bonds</b>		<b>28,996,206</b>	<b>95.06%</b>
<b>Bank Balances</b>		<b>1,507,625</b>	<b>4.94%</b>
			(As at 30.09.2019: 1.35%)
		<b>30,503,831</b>	<b>100.00%</b>

The total purchases for the six-month period ended 31 March 2020 were £6,718,887 (year ended 30 September 2019: £15,760,295) and the total sale proceeds were £9,040,877 (year ended 30 September 2019: £17,386,304)

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Statement of Total Return

	01.10.2019 to 31.03.2020		01.10.2018 to 31.03.2019	
	£	£	£	£
<b>Income</b>				
Net capital (losses)/gains		(1,951,077)		723,903
Revenue	586,021		645,723	
Expenses	<u>(160,789)</u>		<u>(168,398)</u>	
Net revenue before taxation	425,232		477,325	
Taxation (WHT Rebate)	<u>-</u>		<u>(27,953)</u>	
Net revenue after taxation		<u>425,232</u>		<u>505,278</u>
<b>Total return before distributions</b>		(1,525,845)		1,229,181
Finance costs: Distributions		(425,232)		(505,278)
<b>Change in net assets attributable to holders of participating redeemable preference shares from investment activities</b>		<u><b>(1,951,077)</b></u>		<u><b>723,903</b></u>

## Statement of Change in Net Assets attributable to Holders of Participating Redeemable Preference Shares

	01.10.2019 to 31.03.2020		01.10.2018 to 31.03.2019	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable preference shares		33,980,283		34,402,323
Amounts receivable on issue of shares	510,559		431,431	
Amount payable on cancellation of shares	<u>(1,764,473)</u>		<u>(1,637,576)</u>	
		(1,253,914)		(1,206,145)
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		(1,951,077)		723,903
<b>Closing net assets attributable to holders of participating redeemable preference shares</b>		<u><b>30,775,292</b></u>		<u><b>33,920,081</b></u>

Comparative information is provided for the Statement of change in net assets attributable to holders of participating redeemable shares. Since this information is for the prior interim period, the net assets as at the end of that period do not correspond to the net assets at the start of the current period.

The notes on pages 13 form part of these Unaudited Interim Financial Statements.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2020

## Balance Sheet

	As at 31.03.2020		As at 30.09.2019	
	£	£	£	£
<b>Assets</b>				
<b>Current assets</b>				
Investment assets		28,996,206		33,597,520
Debtors	814,764		1,021,043	
Cash and bank balances	<u>1,507,625</u>		<u>459,303</u>	
<b>Total other assets</b>		<b>2,322,389</b>		<b>1,480,346</b>
<b>Total assets</b>		<b><u>31,318,595</u></b>		<b><u>35,077,866</u></b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Management shares	10		10	
Nominal shares	<u>302,241</u>		<u>300,009</u>	
<b>Total equity</b>		<b>302,251</b>		<b>300,019</b>
<b>Liabilities</b>				
Creditors	36,095		562,035	
Distribution payable	<u>204,957</u>		<u>235,529</u>	
<b>Total other liabilities</b>		<b>241,052</b>		<b>797,564</b>
<b>Total equity and other liabilities</b>		<b><u>543,303</u></b>		<b><u>1,097,583</u></b>
<b>Net assets attributable to holders of participating redeemable preference shares</b>		<b><u>30,775,292</u></b>		<b><u>33,980,283</u></b>

The Unaudited Interim Financial Statements for the six-month period ended 31 March 2020 were approved and authorised for issue on behalf of the Board of Directors by the Manager:

**R K Corkill**  
Director

**David F Hudson**  
Director

**SMP Fund Services Limited**  
18 May 2020

The notes on pages 13 form part of these Unaudited Interim Financial Statements.

# SMP High Income Fund PLC

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2020*

## Notes to the Financial Statements

### 1. Accounting policies

- a The Unaudited Interim Financial Statements for the six-month period ended 31 March 2020 have been prepared on the same basis as the audited financial statements for the year ended 30 September 2019. They have been prepared on a going concern basis, under the historic cost convention, as modified by the recognition of certain financial assets at fair value and in accordance with UK accounting standards, the Authorised Collective Investment Schemes Regulations 2010, and comply with the requirement of the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 (the "SORP").
- b The Fund has, in accordance with the SORP and FRS 102 section 7.1 A (c), exercised its right of exemption from preparing a cash flow statement.

### 2. Director's interest

No Director had an interest, beneficial or non-beneficial, in the issued share capital of the Fund as at 31 March 2020 or during the period.

### 3. Related party disclosure

The Manager holds the Management and Nominal shares in the Fund. At the balance sheet date, £10 was owed by the Manager to the Fund in respect of the Management shares and £302,241 was owed from the Manager to the Fund in respect of Nominal shares issued in the Fund (30 September 2019: £10 and £300,009 respectively).

Fees payable to the Manager and Registrar for the six-month period ended 31 March 2020 totalled £116,312 (six-month period ended 31 March 2019: £122,226).