

# **SMP High Income Fund PLC**

**Unaudited Interim Financial Statements**

**for the six-month period ended 31st March 2019**

# **SMP High Income Fund PLC**

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2019*

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# **SMP High Income Fund PLC**

*Unaudited Interim Financial Statements for the six-month period ended 31 March 2019*

## **General Information**

### **Directors**

W J Clarke\* (Chairman)

G M Easton\* (appointed 11 March 2019)

R K Corkill

S W Bowden (appointed 11 March 2019)

D M Schuster\* (resigned 11 March 2019)

\* 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**

Link Corporate Services (Jersey) 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 2019*

## 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 2019 (together with the Unaudited Abbreviated Interim Report for the six-month period ended 31 March 2019 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 overview for the six-month period ended 31 March 2019

#### Market review

Sterling corporate bonds outperformed UK government bonds over the six months to 31 March as weakness in the fourth quarter of 2018 dominated the strength in early 2019.

The final three months of 2018 were challenging for risk assets globally, with stocks and commodities falling and credit spreads widening as a deteriorating global economic outlook was priced into the market. Trade tensions between the US and China and the ongoing challenges of Brexit added to the worries for investors. As we moved into the new year, corporate bond markets were more stable, recovering significantly from the weakness of late 2018. Rhetoric around trade tensions was calmer. The US Federal Reserve adopted a materially more dovish tone, appearing to have paused its interest rate-hiking cycle for the time being at least. Although headline data remains soft in many developed market economies, the impression that dovish central banks are likely to continue to exert a positive influence on sentiment has provided material support. The technical backdrop also improved, as new bond supply failed to meet expectations. Risk assets rallied through the first three months of 2019, even though economic data continues to point to a global slowdown and earnings have been mixed. Lower-quality credit, which had underperformed in late 2018, recovered in this environment.

### Performance and activity of the Fund

Asset allocation was weak for much of the review period, and this was the major contributor to fund underperformance in the final three months of 2018. Our holdings in financials detracted from performance – notably subordinated insurance names and banks with a UK focus, especially those where we were overweight further down the capital structure.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Manager's Report (continued)

### Performance and activity of the Fund (continued)

Security selection was more positive; early on there were strong returns from names such as Virgin Media and Barclays. A material underweight position in index heavyweight GE was beneficial as the name underperformed following ratings agency downgrades. This retraced somewhat towards the end of the review period as its bonds rallied, and we added some GE to reduce the size of the underweight position. Towards the new year, holdings in global or non-UK banks such as Standard Chartered and National Australia Bank delivered positive returns. In February, bonds from Clydesdale benefited from good results and the news that the integration of Virgin Money was progressing well. Virgin Media – an off-benchmark position in high yield – also performed well, tightening by around 10% in spread terms. However, security selection was weak in March. Overweight positions in subordinated financials such as Axa, Aviva, HSBC and Wells Fargo cost the Fund. So, too, did overweight positions in telecommunications company Vodafone and utility Innogy. An underweight position in bonds from Intu Properties (owner, developer and manager of shopping centres) also cost the Fund, following news of a stronger-than-expected deleveraging path.

March's weakness in security selection was largely offset by the Fund's yield curve positioning. The Fund maintained a long duration position as the UK yield curve shifted sharply lower. Government bonds rallied on the back of, among other things, a more negative view on Brexit talks.

The Fund used the strong start to 2019 to trim some positions. These included financial holding companies such as CYGB and CNP, as we believed new issuance in the sector was likely. The Fund also sold its position in Segro ahead of a possible slowdown in the UK economy. In terms of additions, the Fund participated in a new issue from French telecommunications company Orange, a favoured name in the sector which offered a favourable new issue premium over comparable bonds. During February, we increased exposure to Hammerson. The property group's very low loan-to-valuation added to its defensive qualities. We acquired some more Tesco Property bonds in the expectation of a return to investment grade in 2019. We added to the housing association sector through MorHomes, an aggregator of loans to the sector. We reduced Standard Chartered exposure after a strong rally in its bonds this year and added to Digital Stout, an owner of warehousing used for server farms, and a useful non-UK diversifier. In March, the Fund participated in new issues from APT Pipelines (Australian gas distributor), Abertis (Spanish toll-road operator) and senior paper from UK bank RBS. All are favoured names in their respective sectors with attractive premiums versus existing or comparative bonds. To fund these purchases, and with little prospect of rate rises for the foreseeable future, the Fund reduced its exposure to residential mortgages through sales of PCL Funding and Precise Mortgage Funding.

### Outlook\*

Credit, like other risk assets, has performed very strongly so far in 2019. Spreads, which widened dramatically in the sell-off during the fourth quarter of 2018, have retraced a material amount of the widening. Sterling spreads over government bonds were as wide as 177 bps in mid-December and narrowed to 153 bps by the end of March. These levels are still significantly wider than those seen in October, and represent fair value given the macro economic outlook. The uncertainties created by Brexit clearly make this market challenging to forecast but the low global interest rate environment continues to provide support for the time being.

*\* 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 2019

## 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 existence

The total number of participating redeemable preference shares in existence at the beginning and at the end of the six-month period under review were:

30 September 2018	64,154,434
31 March 2019	61,905,016

### Value per share

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

30 September 2018	53.62p
31 March 2019	54.79p

### Portfolio statement

Portfolio details are shown on pages 7 to 10.



R K Corkill  
Director

SMP Fund Services Limited  
15 May 2019

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Comparative Table

	2019*	2018	2017
	p	p	p
<b>Change in net asset value per share</b>			
Opening net asset value per share	53.62	55.48	58.03
Return before operating charges**	2.24	0.29	(0.15)
Operating charges	(0.27)	(0.52)	(0.49)
Return after operating charges**	1.97	(0.23)	(0.64)
Distributions on preference shares	(0.80)	(1.63)	(1.91)
<b>Closing net asset value per share</b>	<b>54.79</b>	<b>53.62</b>	<b>55.48</b>

\*For the six-month period ended 31 March 2019

\*\*after direct transaction costs of

## Performance

Return after charges	3.67%	(0.41)%	(1.10)%
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## Other information

Closing net asset value	£ 33,920,081	£ 34,402,323	£ 38,723,245
Closing number of shares	61,905,016	64,154,434	69,794,140
Operating charges	0.99%	0.95%	0.86%
Direct transaction costs	0.003%	0.008%	0.006%

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

## Performance record for the period/year ended

	Highest share price	Lowest share price	Net distribution per share*
	p	p	p
01.10.2014 to 30.09.2015	60.16	52.30	1.91
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 31.03.2019	55.30	52.98	0.80

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

## Ongoing charges figure ("OCF")

	OCF*
	%
30 September 2016	1.03%
30 September 2017	0.86%
30 September 2018	0.95%
31 March 2019**	0.99%

\* The OCF is the total expenses paid by a share class 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 2019, annualised.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Comparative Table (continued)

	% of Fund's property 31.03.2019	% of Fund's property 30.09.2018
<b>Details of investments</b>		
Government bonds	4.67	2.92
Corporate Bonds	92.58	94.02
Bank balances	2.75	3.06
	100.00	100.00

## Credit rating analysis

	Market Value 31.03.2019	Market Value 30.09.2018
Investment grade	31,881,475	32,302,173
Non-investment grade	841,509	783,074
Total debt securities	32,722,984	33,085,247

## Top five holdings

Asset description	% of Fund's property 31.03.2019	Asset description	% of Fund's property 30.09.2018
European Investment Bank 5.375% 07/06/2021	2.60	European Investment Bank 5.375% 07/06/2021	2.61
United Kingdom Gilt 1.75% 07/09/2022	2.58	European Investment Bank 5% 15/04/2039	2.07
European Investment Bank 5% 15/04/2039	2.19	European Investment Bank 4.25% 07/12/2021	1.60
European Investment Bank 4.25% 07/12/2021	1.61	United Kingdom Gilt 1.75% 07/09/2022	1.48
HSBC Holdings PLC 2.256% 13/11/2026	1.51	HSBC Holdings PLC 2.256% 13/11/2026	1.44



# SMP High Income Fund PLC

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## Portfolio Statement

	Quantity 31.03.2019	Valuation £	% of Fund's property
<b>Government Bonds</b>			
United Kingdom Gilt 1.75% 07/09/2022	840,000	869,950	2.58%
United Kingdom Gilt 4% 07/03/2022	160,000	175,478	0.52%
United Kingdom Gilt 4.5% 07/09/2034	32,000	46,015	0.14%
United Kingdom Gilt 4.5% 12/07/2042	230,000	365,020	1.08%
United Kingdom Gilt 4.25% 06/07/2032	86,000	117,433	0.35%
<b>Total Government Bonds</b>		<b>1,573,896</b>	<b>4.67%</b>
			(As at 30.09.2018: 2.92%)
<b>Corporate Bonds</b>			
Abertis Infraestructuras 3.375% 27/11/2026	100,000	100,369	0.30%
Anheuser-Busch InBev SA/NV 2.85% 25/05/2037	113,000	108,696	0.32%
ABN AMRO Bank NV 1.375% 07/06/2022	100,000	99,645	0.30%
Amgen Inc 4% 13/09/2029	100,000	113,160	0.34%
America Movil SAB de CV 4.375% 07/08/2041	170,000	212,415	0.63%
Annington Funding PLC 3.184% 12/07/2029	100,000	101,167	0.30%
Annington Funding PLC 3.935% 12/07/2047	200,000	210,383	0.63%
APT Pipelines Ltd 3.5% 22/03/2030	200,000	210,729	0.63%
APT Pipelines Ltd 3.125% 18/07/2031	100,000	101,472	0.30%
Apple Inc. 3.05% 31/07/2029	100,000	111,228	0.33%
Aspire Defence Finance PLC 4.674% 31/03/2040	280,000	326,911	0.97%
AT&T Inc 4.875% 01/06/2044	200,000	235,073	0.70%
AT&T Inc 5.2% 18/11/2033	140,000	169,368	0.50%
Aviva PLC 4.375% 12/09/2049	116,000	116,700	0.35%
Aviva PLC 6.125%	360,000	385,515	1.14%
AXA SA 5.453%	250,000	268,880	0.80%
AXA SA 6.686%	150,000	172,196	0.51%
Bank of America Corp 2.3% 25/07/2025	100,000	101,070	0.30%
Bank of America Corp 7% 31/07/2028	200,000	277,776	0.83%
Barclays PLC 2.375% 06/10/2023	327,000	324,718	0.97%
Barclays PLC 3.25% 17/01/2033	100,000	95,627	0.28%
Barclays PLC 4.25% 12/01/2022	200,000	216,536	0.64%
BAT International Finance PLC 2.25% 09/09/2052	200,000	140,602	0.42%
BAT International Finance PLC 4% 04/09/2026	110,000	118,012	0.35%
BAT International Finance PLC 7.25% 12/03/2024	118,000	43,795	0.13%
BG Energy Capital PLC 5% 04/11/2036	170,000	240,735	0.72%
BHP Billiton Finance LTD 6.5% 22/10/2077	124,000	138,768	0.41%
British Land Co PLC 2.375% 14/09/2029	123,000	120,667	0.36%
Bank Nederlandse Gemeenten NV 5.2% 07/12/2028	150,000	199,327	0.59%
BP Capital Markets PLC	191,000	195,761	0.58%
Bromford Housing Group Ltd 3.125% 03/05/2048	100,000	105,061	0.31%
BUPA Finance PLC 2% 05/04/2024	100,000	99,780	0.30%
BUPA Finance PLC 5% 08/12/2026	100,000	109,955	0.33%
Citigroup Inc 7.375% 01/09/2039	160,000	271,133	0.81%
Circle Anglia Social Housing PLC 7.25% 12/11/2038	50,000	83,548	0.25%
Catalyst Housing Ltd 3.125% 31/10/2047	100,000	103,644	0.31%
Commonwealth Bank of Australia 1.125% 22/12/2021	205,000	204,309	0.61%
Close Brothers Group PLC 2.75% 26/04/2023	100,000	101,197	0.30%
Cadent Finance PLC 2.75% 22/09/2046	130,000	124,220	0.37%
Channel Link Enterprises Finance PLC 3.043% 30/06/2050	100,000	100,749	0.30%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Portfolio Statement (continued)

	Quantity 31.03.2019	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
Cie de Saint-Gobain 5.625% 15/11/2024	250,000	295,878	0.88%
Cooperatieve Rabobank UA 4.625% 23/05/2029	230,000	260,051	0.77%
Connect Plus Issuer 2.607% 31/03/2039	109,000	114,824	0.34%
CPUK Finance LTD 3.69% 28/08/2028	130,000	136,883	0.41%
CRH Finance PLC 4.125% 12/02/2029	100,000	113,538	0.34%
Credit Suisse Group AG 2.125% 12/09/2025	200,000	195,220	0.58%
CYBG PLC 5% 02/09/2026	130,000	129,467	0.38%
Deutsche Bank 1.75% 16/12/2021	100,000	97,973	0.29%
Deutsche Bank 1.875% 28/02/2020	100,000	99,861	0.30%
Digital Stout Holding LL 3.75% 17/10/2030	228,000	235,210	0.70%
DS Smith PLC 2.875% 26/07/2029	200,000	198,771	0.59%
Eastern Power Networks PLC 6.25% 12/11/2036	100,000	147,729	0.44%
Electricite de France SA 5.5% 17/10/2041	100,000	136,988	0.41%
Electricite de France SA 5.125% 22/09/2050	50,000	67,644	0.20%
Electricite de France SA 6% 23/01/2114	100,000	149,558	0.44%
Electricite de France SA 6.25% 30/05/2028	250,000	330,587	0.98%
Electricite de France SA 6.125% 02/06/2034	100,000	140,186	0.42%
European Investment Bank 4.25% 07/12/2021	500,000	542,810	1.61%
European Investment Bank 5% 15/04/2039	475,000	736,903	2.19%
European Investment Bank 5.375% 07/06/2021	800,000	876,360	2.60%
Enel SpA 5.75% 22/06/2037	100,000	127,866	0.38%
Enel Finance International NV 5.75% 14/09/2040	85,000	110,836	0.33%
Engie SA 5% 01/10/2060	50,000	77,826	0.23%
E.ON International Finance BV 6.375% 07/06/2032	213,000	296,567	0.88%
Equity Release Funding No 3 PLC 5.05% 26/04/2033	360,000	448,747	1.33%
Eversholt Funding PLC 3.529% 07/08/2042	100,000	98,962	0.29%
Experian Finance PLC	100,000	101,422	0.30%
Firstgroup PLC 8.75% 08/04/2021	150,000	168,079	0.50%
Fidelity National Information Services Inc 1.7% 30/06/2022	320,000	317,235	0.94%
Gatwick Funding Ltd 5.75% 23/01/2037	100,000	138,275	0.41%
Gatwick Funding Ltd 6.125% 02/03/2026	100,000	124,530	0.37%
GE Capital UK Funding 6.25% 05/05/2038	23,000	30,127	0.09%
General Motors Financial Co Inc 2.25% 06/09/2024	241,000	231,652	0.69%
Great Rolling Stock Co Ltd 6.5% 05/04/2031	200,000	223,544	0.66%
GlaxoSmithKline Capital PLC 5.25% 10/04/2042	200,000	284,818	0.85%
Heathrow Funding Limited 5.875% 13/05/2041	200,000	295,396	0.88%
Hammerson PLC 7.25% 21/04/2028	90,000	115,275	0.34%
HSBC Holdings PLC 2.256% 13/11/2026	515,000	508,143	1.51%
HSBC Bank PLC 5.375% 22/08/2033	205,000	257,038	0.76%
HSBC Bank Capital Funding Sterling 1 LP 5.844%	215,000	274,716	0.82%
Heathrow Funding Ltd 4.625% 31/10/2046	100,000	130,884	0.39%
Heathrow Funding Ltd 6.45% 10/12/2031	80,000	114,414	0.34%
Hutchison Whampoa Finance UK PLC 5.625% 24/11/2026	200,000	250,094	0.74%
Income Contingent Student Loans 2 A2	147,000	130,725	0.39%
Innogy Finance BV 6.125% 06/07/2039	250,000	362,170	1.08%
InterContinental Hotels Group PLC 3.75% 14/08/2025	200,000	212,056	0.63%
InterContinental Hotels Group PLC 3.875% 28/11/2022	190,000	203,024	0.60%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Portfolio Statement (continued)

	Quantity 31.03.2019	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
Imperial Brands Finance PLC 9% 17/02/2022	280,000	333,105	0.99%
Land Securities CM PLC 2.75% 22/09/2057	100,000	102,831	0.31%
Lloyds Bank PLC 7.625% 22/04/2025	100,000	127,449	0.38%
Lloyds Bank PLC 9.625% 06/04/2023	280,000	357,503	1.06%
London & Quadrant Housing Trust Ltd 3.75% 27/10/2049	200,000	223,817	0.67%
Marks & Spencer PLC 4.75% 12/06/2025	100,000	108,085	0.32%
McDonald's Corp 4.125% 11/06/2054	100,000	124,416	0.37%
Meadowhall Finance 4.986% 01/12/2032	250,000	222,434	0.66%
MetLife Inc 5.375% 09/12/2024	300,000	357,376	1.06%
Morhomes PLC 3.4% 19/02/2038	153,000	155,870	0.46%
NIE Finance PLC 6.375% 02/06/2026	200,000	255,540	0.76%
Northern Gas Networks Finance PLC 4.875% 15/11/2035	130,000	168,086	0.50%
Notting Hill Housing Trust 3.25% 12/10/2048	100,000	100,316	0.30%
Notting Hill Housing Trust 4.375% 20/02/2054	100,000	125,281	0.37%
NewRiver REIT PLC 3.5% 07/03/2028	100,000	98,092	0.29%
Northumbrian Water Finance PLC 2.375% 05/10/2027	183,000	183,910	0.55%
Nationwide Building Society 5.625% 28/01/2026	230,000	293,316	0.87%
New York Life Global Funding 1.75% 15/12/2022	100,000	101,332	0.30%
Orange SA 3.25% 15/01/2032	100,000	106,010	0.32%
Orange SA 5.375% 22/11/2050	50,000	172,195	0.51%
Orbit Capital PLC 3.5% 24/03/2045	100,000	107,221	0.32%
Offa No 1 PLC 1.855% 14/06/2050	160,000	91,221	0.27%
Peabody Capital No 2 Plc 4.625% 12/12/2053	100,000	134,233	0.40%
Phoenix Group Holdings 4.125% 20/07/2022	200,000	204,996	0.61%
Pension Insurance 5.625% 20/09/2030	100,000	98,561	0.29%
Precise Mortgage Funding 2018-2B PLC 1.286% 12/03/2055	200,000	170,518	0.51%
Premiertel PLC 6.175% 08/05/2032	170,000	180,616	0.54%
Prudential PLC 11.375% 29/05/2039	200,000	203,186	0.60%
Prudential PLC 5% 20/07/2055	200,000	218,492	0.65%
Prudential PLC 5.625% 20/10/2051	108,000	114,928	0.34%
QBE Insurance Group Ltd 6.115% 24/05/2042	224,000	242,181	0.72%
Quadgas Finance PLC 3.375% 17/09/2029	251,000	255,592	0.76%
Royal Bank of Scotland Group PLC 2.875% 19/09/2026	100,000	100,408	0.30%
Royal Bank of Scotland Group PLC 3.125% 28/03/2027	208,000	210,284	0.62%
RMPA Services PLC 5.337% 30/09/2038	175,000	176,978	0.53%
RSA Insurance Group PLC 5.125% 10/10/2045	150,000	162,815	0.48%
Santander UK Group Holdings PLC 3.625% 14/01/2026	122,000	128,638	0.38%
Santander UK PLC 5.25% 16/02/2029	211,000	276,072	0.82%
Scania CV AB 1.875% 28/06/2022	100,000	99,098	0.29%
Scentre Group Trust 1/Scentre Group Trust 2 2.375% 08/04/2022	150,000	152,669	0.45%
Society of Lloyd's 4.75% 30/10/2024	100,000	107,388	0.32%
Stagecoach Group PLC 4% 29/09/2025	200,000	207,423	0.62%
Southern Gas Networks PLC 3.1% 15/09/2036	100,000	104,725	0.31%
Southern Gas Networks PLC 6.375% 15/05/2040	118,000	182,908	0.54%
SGSPAA Australia Assets 5.125% 02/11/2021	160,000	170,278	0.51%
SNCF Reseau 4.83% 25/03/2060	240,000	408,622	1.21%

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Portfolio Statement (continued)

	Quantity 31.03.2019	Valuation £	% of Fund's property
<b>Corporate Bonds (continued)</b>			
Svenska Handelsbanken AB 1.625% 18/06/2022	360,000	362,363	1.08%
SSE PLC 3.875%	300,000	302,879	0.90%
Severn Trent Utilities Finance PLC 1.625% 04/12/2022	195,000	195,782	0.58%
Severn Trent Utilities Finance PLC 2.75% 05/12/2031	200,000	205,618	0.61%
Swedbank AB 1.25% 29/12/2021	132,000	130,454	0.39%
TC Dudgeon 3.158% 12/11/2038	100,000	106,542	0.32%
Telereal Securitisation PLC 4.09% 10/12/2033	150,000	155,794	0.46%
Thames Water Utilities Finance Ltd 5.125% 28/09/2037	130,000	165,997	0.49%
Total Capital International SA 1.25% 16/12/2024	170,000	169,596	0.50%
Tesco Property Finance 5.6611% 13/10/2041	100,000	116,550	0.35%
Tesco Property Finance 3 PLC 5.744% 13/04/2040	100,000	116,936	0.35%
THFC Funding No 2 PLC 6.35% 08/07/2039	120,000	181,114	0.54%
Time Warner Cable LLC 5.75% 02/06/2031	165,000	196,969	0.59%
Tritax Big Box REIT PLC 2.625% 14/12/2026	248,000	248,288	0.74%
UPP Bond 1 Issuer PLC 4.902% 28/02/2040	150,000	175,836	0.52%
Unite Group 3.5% 15/10/2028	130,000	134,514	0.40%
Vicinity Centres Trust 3.375% 07/04/2026	100,000	105,564	0.31%
Virgin Media Secured Finance PLC 5% 15/04/2027	120,000	120,962	0.36%
Vodafone Group PLC 3.375% 08/08/2049	150,000	138,267	0.41%
Volkswagen Financial Services NV 1.875% 09/07/2021	100,000	100,008	0.30%
Volkswagen Financial Services NV 2.25% 12/04/2025	124,000	121,361	0.36%
Volkswagen INTL FIN NV 4.125% 17/11/2031	100,000	106,979	0.32%
Verizon Communications 3.375% 27/10/2036	123,000	130,440	0.39%
Welltower Inc 4.8% 20/11/2028	200,000	231,975	0.69%
Wells Fargo Bank NA 5.25% 01/08/2023	300,000	338,156	1.01%
Westfield America Management Ltd 2.625% 30/03/2029	140,000	141,278	0.42%
WM Treasury 2 PLC 3.25% 20/10/2048	100,000	105,289	0.31%
Western Power Distribution PLC 3.625% 06/11/2023	100,000	105,206	0.31%
Western Power Distribution West Midlands PLC 5.75% 16/04/2032	200,000	267,784	0.80%
Western Power Distribution South Wales PLC 9.25% 09/11/2020	297,000	333,479	0.99%
Westpac Banking Corp 1% 30/06/2022	200,000	197,863	0.59%
Westpac Banking Corp 2.625% 14/12/2022	100,000	104,172	0.31%
Yorkshire Building Society 3.5% 21/04/2026	100,000	106,299	0.32%
<b>Total Corporate Bonds</b>		<b>31,149,088</b>	<b>92.58%</b>
		(As at 30.09.2018: 94.02%)	
<b>Total Bonds</b>		<b>32,722,984</b>	<b>97.25%</b>
<b>Bank Balances</b>		<b>924,261</b>	<b>2.75%</b>
		(As at 30.09.2018: 3.06%)	
		<b>33,647,245</b>	<b>100.00%</b>

The total purchases for the six-month period ended 31 March 2019 were £10,031,240 (year ended 30 September 2018: £16,954,329) and the total sale proceeds were £11,191,921 (year ended 30 September 2018: £20,472,556)

## SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

### Statement of Total Return

	01.10.2018 to 31.03.2019		01.10.2017 to 31.03.2018	
	£	£	£	£
<b>Income</b>				
Net capital gains/(losses)		723,903		(648,028)
Revenue	645,723		760,785	
Expenses	<u>(168,398)</u>		<u>(179,633)</u>	
Net revenue before taxation	477,325		581,152	
Taxation (WHT Rebate)	<u>(27,953)</u>		-	
Net revenue after taxation		<u>505,278</u>		<u>581,152</u>
<b>Total return before distributions</b>		1,229,181		(68,876)
Finance costs: Distributions		(505,278)		(589,995)
<b>Change in net assets attributable to holders of participating redeemable preference shares from investment activities</b>		<u>723,903</u>		<u>(658,871)</u>

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

	01.10.2018 to 31.03.2019		01.10.2017 to 31.03.2018	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable preference shares		34,402,323		38,723,245
Amounts receivable on issue of shares	431,431		561,895	
Amount payable on cancellation of shares	<u>(1,637,576)</u>		<u>(1,873,861)</u>	
		(1,206,145)		(1,311,966)
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		723,903		(656,871)
<b>Closing net assets attributable to holders of participating redeemable preference shares</b>		<u>33,920,081</u>		<u>36,754,408</u>

Comparative information is provided for the Statement for change in net assets attributable to holders of participating redeemable preference 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.

# SMP High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2019

## Balance Sheet

	As at 31.03.2019		As at 31.09.2018	
	£	£	£	£
<b>Assets</b>				
<b>Current assets</b>				
Investment assets		32,722,984		33,085,247
Debtors	1,023,882		974,690	
Cash and bank balances	<u>924,261</u>		<u>1,044,406</u>	
<b>Total other assets</b>		1,948,143		2,019,096
<b>Total assets</b>		<u>34,671,127</u>		<u>35,104,343</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Management shares	10		10	
Nominal shares	<u>297,559</u>		<u>295,310</u>	
<b>Total equity</b>		297,569		295,320
<b>Liabilities</b>				
Creditors	213,400		160,927	
Distribution payable	<u>240,077</u>		<u>245,773</u>	
<b>Total other liabilities</b>		453,477		406,700
<b>Total equity and other liabilities</b>		<u>751,046</u>		<u>702,020</u>
<b>Net assets attributable to holders of participating redeemable preference shares</b>		<u>33,920,081</u>		<u>34,402,323</u>

The Unaudited Interim Financial Statements for the six-month period ended 31 March 2019 were approved and authorised for issue on behalf of the Board of Directors by the Manager:



R K Corkill  
Director



J J Scott  
Director

SMP Fund Services Limited  
15 May 2019

The notes on page 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 2019*

## Notes to the Financial Statements

### 1. Accounting policies

- a The Unaudited Interim Financial Statements for the six-month period ended 31 March 2019 have been prepared on the same basis as the audited financial statements for the year ended 30 September 2018. 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 FRS102 Section 7.1 A(c), exercised its right of exemption from preparing a cash flow statement.

### 2 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 £297,559 was owed by the Manager to the Fund in respect of Nominal shares issued in the Fund (30 September 2018: £10 and £295,310 respectively).

Fees payable to the Manager and Registrar for the six-month period ended 31 March 2019 totalled £122,226 (six-month period ended 31 March 2018: £139,664).

