



F&C UK High Income Trust plc

(formerly Investors Capital Trust plc)

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory and legal status of the Company

F&C UK High Income Trust plc (the “Company”) is an 'alternative investment fund' ("AIF") for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as implemented in the United Kingdom, the "AIFM Directive") which has appointed F&C Investment Business Limited (“FCIB”) as its Alternative Investment Fund Manager (“AIFM”). FCIB is a wholly-owned subsidiary of F&C Asset Management plc (“F&C”). F&C is wholly owned by Bank of Montreal. FCIB is authorised and regulated by the United Kingdom Financial Conduct Authority (the “FCA”) as an AIFM for the Company.

The Company is an investment trust and is incorporated as a public limited liability company in Scotland with registered number SC314671. The Company has two classes of shares in issue, Ordinary shares and B shares, which are both listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. Shares may be held and traded within units, each unit comprises three Ordinary shares and one B share. The operation of the Company is subject to its Articles of Association, the FCA Listing Rules, the FCA Disclosure and Transparency Rules, the UK Corporate Governance Code issued by the Financial Reporting Council (April 2016) and the UK Companies Act 2006.

The provisions of the Company's Articles of Association, which are binding on the Company and all of its shareholders, set out the respective rights and restrictions attaching to the Company's shares. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles of Association. The Company's Articles of Association are governed by the laws of Scotland.

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 Capped 5% Index over the relevant five year period, shareholders will be given the opportunity to vote on whether the Company should continue, by ordinary resolution at the Company's Annual General Meeting. The present five year period for this purpose will run for the five years from 1 April 2017 to 31 March 2022.

Limited purpose of this document

This document, which is made available to investors in the Company by being made available at www.fandcukhit.co.uk, is not a prospectus. It is issued for the sole purpose of making certain regulatory disclosures to investors in accordance with the requirements of the AIFM Directive. The Company, its Directors and FCIB as its AIFM will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.



This Investor Disclosure Document is based on information, law and practice at the date hereof. FCIB will update this document, as soon as reasonably practicable, to take account of material changes. Such changes will also be disclosed to existing shareholders in the following annual report. The Company, its Directors and FCIB as its AIFM will not be bound by an out of date Investor Disclosure Document when it has issued a new Investor Disclosure Document and investors, who are in any doubt, should check with FCIB that this is the most recently published Investor Disclosure Document.

This document is not intended to be an invitation or inducement to any person to engage in any investment activity. It does not include all the information which investors or their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

No advice

The Company, its Directors and FCIB as its AIFM are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, FCIB or any of their respective affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions will be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, the shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer and other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

This Investor Disclosure Document is dated, and is valid, as at 29 June 2017.



THE COMPANY

Investment Objective

The Company's Investment Objective is "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."

Investment restrictions and guidelines (As approved by shareholders at the Company's AGM on 29 June 2017)

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 Capped 5% 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.

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

It is the Company's 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.

Leverage

The Company has the power under its Articles 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.

Maximum gross leverage based on the Company's power under its Articles, calculated in accordance with the requirements under the AIFM Directive, is 260% under the Gross method and 260% under the Commitment method

Material changes to leverage policies must be agreed by the Company and will be notified to shareholders via the Company's website at www.fandcukhit.co.uk and its Annual Report and Accounts.

The total level of leverage employed by the Company is updated regularly on the "Monthly Factsheet" published on the Company's website at www.fandcukhit.co.uk.



Investment Policy and Strategy

The Company's Investment Strategy and Policy are set out in full in the Strategic Report section of the Annual Report and Accounts, which can be found on the Company's website at www.fandcukhit.co.uk. At the Company's AGM on 29 June 2017, shareholders approved the amended investment policy which had been proposed (as set out in "Investment Restrictions and Guidelines" above).

Any material change to the investment policy of the Company will only be made with the prior approval of the shareholders of the Company, by ordinary resolution. The Company will announce any such change through a Regulatory Information Service.

Dividend and capital repayment policy

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 Company pays dividends and capital repayments quarterly to shareholders. All dividends are paid as interim dividends and are not therefore subject to a vote by shareholders at the Company's Annual General Meeting. Dividends and capital repayments are announced through a Regulatory Information Service. The Annual Report and Accounts which can be accessed at www.fandcukhit.co.uk contains details of dividends and capital repayments paid in respect of the relevant financial year.



ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Alternative Investment Fund Manager (AIFM)

FCIB, a wholly-owned subsidiary of F&C Asset Management PLC (FCAM), is the Company's AIFM. FCIB is incorporated in Scotland with registered number SC151198. The directors of the AIFM are David Sloper, David Logan, Richard Watts, Benjamin Apfel, Nigel Parry, Tina Watts, Marrack Tonkin, Mandy Mannix and FCAM.

FCAM, the parent company of the AIFM, is incorporated in the United Kingdom. The directors of FCAM are Gilles Ouellette, Barry Cooper, William (Bill) Smith, Richard Wilson, Charlie Porter, David Logan, Ruth Sack, Kieran Poynter and Joan Mohammed. FCAM has its offices at 80 George Street, Edinburgh EH2 3BU, Scotland.

FCAM is wholly owned by Bank of Montreal through its wholly owned subsidiary, BMO Global Asset Management (Europe) Limited. BMO Global Asset Management is part of BMO Financial Group, a highly diversified financial services provider based in North America.

The Company entered into a revised management agreement with FCIB dated 22 July 2014 appointing it to act as AIFM to the Company in accordance with the requirements of the AIFM Directive, which includes the provision of discretionary investment management services and risk oversight and management services in relation to the Company's investment portfolio.

In addition to its duties as AIFM, FCIB also provides company secretarial, accounting, marketing and administrative services to the Company, as set out in detail in the Annual Report and Accounts at www.fandcukhit.co.uk.

FCIB's remuneration is based on a management fee at the rate of 0.75 per cent per annum of the net asset value of the Company, payable quarterly in arrears.

The Investment Management Agreement 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, F&C 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.

Remuneration policy of the AIFM

The AIFM Remuneration Code of the UK Financial Conduct Authority requires F&C Investment Business Limited as the designated AIFM for the Company to maintain a remuneration policy for AIFM Remuneration Code Staff ("AIFM Code Staff"). The policy's purpose is to promote sound and effective risk management. The policy must be consistent with the Company's risk profile, governing terms and investment strategy. AIFM Code Staff are treated as those persons whose professional activities have a material impact on the risk profiles of the AIFMs or the investment funds managed by them.

The Board of the AIFM delegates to the BMO Global Asset Management (EMEA) Group Risk and Remuneration Committee (the "Committee") the responsibility of maintaining a compliant remuneration policy. The Committee approves on an annual basis the BMO Global Asset Management (EMEA) Group Remuneration Policy (the "Policy").

The Policy defines how the AIFM will achieve the objective of providing total compensation to AIFM Code Staff, taking into account:

- business unit/function, individual performance and market rates
- the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

The Policy deals with how the “Pay-Out Process Rules” in the AIFM Remuneration Code apply to variable remuneration (which may be cash bonus and/or long-term award pools). The Pay-Out Process Rules require certain levels of variable remuneration to be paid in the shares of the relevant investment fund and for certain amounts to be deferred. The Committee determines annually how the Pay-Out Process Rules apply at a firm and at an AIFM Code Staff level.

The Policy also includes requirements that an employee’s unvested variable remuneration may be reduced at the discretion of the Committee in certain circumstances, for example, reasonable evidence of employee misconduct, or material failure in risk management.

Employee remuneration disclosure

The total remuneration paid by F&C Investment Business Limited to its staff is zero, as all AIFM staff are employed by other companies in the same group of companies as the AIFM.

The table below provides an overview of aggregate total remuneration paid to AIFM Code Staff.

Headcount Total

	Headcount	Total Remuneration (£m)
F&C Investment Business Limited Remuneration Code Staff	23	2.432
of which:		
Senior Management	11	0.501
Other Code Staff	12	1.931

Notes:

Total remuneration reported is the sum of salary, cash bonus, any deferred annual bonus, the face value of any long term incentive awards, plus the value (actual or estimated) of any pension or benefits in kind, awarded in respect of performance in the reportable financial year.

The table excludes individuals who are providing delegated services to the AIFM.

It is not possible to apportion remuneration based on time spent by individual Code Staff on the work of a specific AIF. Total Remuneration is therefore provided in aggregate on an AIFM basis, rather than specific to F&C UK High Income Trust plc.

AIFM activities

The following table provides an overview of the size and composition of the funds managed by the AIFM, including F&C UK High Income Trust plc. This shows the total number of funds managed, the split between, and proportions of AIF, UCITS and other funds.

	Number of funds	AUM as at 31 October 2016 (GBP)	% of AUM as at 31 October 2016
Alternative investment funds	16	8,450,843,491	100%
UCITS	0	0	0%
Other funds	0	0	0%
Total	16	8,450,843,491	100%



The Depositary

The Company has appointed J.P. Morgan Europe Limited (JP MEL) to provide depositary services, in accordance with the AIFM Directive and certain other associated rules, pursuant to the terms of a depositary agreement dated 22 July 2014 to which both the Company and the AIFM are parties. The services provided by JP MEL as depositary for the Company include:

- general oversight responsibilities over the issue and cancellation of the Company's share capital, the carrying out of net asset value calculations, the application of income, and the ex-post review of investment transactions;
- monitoring the Company's cash flows and ensuring that all cash is booked in appropriate accounts in the name of the Company or FCIB or JP MEL acting on behalf of the Company; and
- ensuring that J.P. Morgan Chase Bank Limited (JPMCB) (to whom JP MEL has delegated the safekeeping of all assets held within the Company's investment portfolio, including those classed as financial instruments for the purpose of the AIFM Directive, in accordance with the terms of a Global Custody Agreement to which both the Company and the AIFM are also a party) retains custody of the Company's financial instruments in segregated accounts so that they can be clearly identified as belonging to the Company and maintains records sufficient for verification of the Company's ownership rights in relation to assets other than financial instruments. No specific conflicts have been identified as arising as a result of the delegation of the provision of custody and safekeeping services by JP MEL to JPMCB.

The terms of the depositary agreement provide that, where certain assets of the Company are invested in a country whose laws require certain financial instruments to be held in custody by a local entity and no such entity is able to satisfy the requirements under the AIFM Directive in relation to use of delegates by depositaries, JP MEL may still delegate its functions to such a local entity and be fully discharged of all liability for loss of financial instruments of the Company by such local entity. However, this is strictly subject to the prior approval of the Directors and a prior notification to shareholders.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to JP MEL, in the event of loss of those assets that constitute financial instruments under the AIFM Directive, 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.

The Depositary receives an annual fee for its services of one basis point of the Company's net assets, payable monthly in arrears.

The depositary agreement in place with JP MEL and the related custody agreement in place with JPMCB continues unless and until terminated by the Company giving not less than 90 days' notice or by JP MEL giving not less than 120 days' notice, in each case such notice to be effective no earlier than the first anniversary of the effective date.

The Depositary's duties are owed to the Company and not directly to investors in the Company, whether individually or in groups. Accordingly, investors may not bring any action or make a claim against the Depositary under the depositary agreement.



The Auditor

Until 3 July 2017 Ernst & Young LLP (E&Y) provided audit and audit-related assurance services to the Company. Its Audit Report in respect of the Financial Statements of the Company, and the fees for its services, are set out in the Annual Report and Accounts which can be accessed at www.fandcukhit.co.uk. E&Y continue to provide taxation compliance services to the Company.

As explained in the Annual Report and Accounts and as approved by shareholders at the AGM, Deloitte LLP will be appointed as Auditors for the forthcoming year to 31 March 2018.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's Articles of Association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

The Share Registrar

Equiniti Limited is responsible for maintaining the Company's share register, including keeping up to date the names and addresses of shareholders, receiving and recording proxies at the Company's Annual General meeting, and paying dividends and capital repayments on the due date to shareholders on the register in accordance with instructions from the Company. The fees paid to the Registrar are variable.

Delegation of functions by the AIFM

The AIFM has not delegated, but has outsourced, responsibility for settlement, corporate action, reconciliation and certain other administrative and record-keeping functions to State Street Bank and Trust Company. Fees for these services are paid by the AIFM and are not reimbursed by the Company. The Company has not identified any conflicts of interest in this relationship.

F&C Management Limited, an associate of the AIFM, trades securities and financial derivatives with brokers and other market counterparties as agent on behalf of the Company on a delegated basis.



SHAREHOLDER INFORMATION

Reports and Accounts

Copies of the Company's latest Annual and Interim Reports may be accessed at www.fandcukhit.co.uk or by writing to the Company Secretary at its Registered Office address, 80 George Street, Edinburgh, EH2 3BU.

Publication of net asset values and share prices

The previous business day's cum- and ex-income net asset values per share of the Company are published each business day through a Regulatory Information Service and may also be accessed at www.fandcukhit.co.uk under "Regulatory News". The current share price is also published on the website.

Valuation Policy

The Company's valuation policy in respect of its investments and derivatives is contained within the Accounting Policies note in the Annual Report and Accounts published on the Company's website which can be accessed at www.fandcukhit.co.uk.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's Annual Reports and Accounts and monthly factsheets, which are available at www.fandcukhit.co.uk.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of shares by investors

The Company has two classes of shares in issue, Ordinary shares and B shares, which are both admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange; shares may also be held and traded within units, each unit comprises three Ordinary shares and one B share. Accordingly, the Company's shares and units may be purchased and sold on the main market of the London Stock Exchange. The value at which shares/units trade on the London Stock Exchange may be below (at a "discount" to) or above (at a "premium" to) the net asset value per share/unit of the Company.

The Company's shares are not redeemable. While the Company intends at each Annual General Meeting to obtain shareholder authority to issue, resell from treasury and to buy back shares either for cancellation or to hold in treasury, shareholders do not have the right to have their shares re-purchased by the Company.

The AIFM, with the approval of the Company, maintains a series of savings plans operated by F&C Management Limited as plan manager through which investors located in the United Kingdom can make regular or lump sum payments to purchase and subsequently hold or sell shares in the Company in a savings plan account. The savings plans are administered on behalf of the AIFM by International Financial Data Services (IFDS) and details are contained in the Annual Report and Accounts, which are available at www.fandcukhit.co.uk.

Legal implications of contractual relationship

The rights, obligations and relationships of the members of the Company shall be governed by the law of Scotland and subject to exclusive jurisdiction of the courts of Scotland.

The Scottish courts generally recognise judgements obtained in the courts of another jurisdiction (subject to, inter alia, the legislation on the recognition of judgements referred to below, the rules of the Scottish courts in relation to the recognition and/or enforcement of foreign judgements and such judgements not being contrary to public policy in Scotland). The exact rules, on the recognition and enforcement of foreign judgements, depend on the jurisdiction in which such judgements are obtained. Legislation providing for the reciprocal recognition of foreign judgements in Scotland includes: Civil Jurisdiction and Judgements Act 1982/EU Council Regulation EC no. 44/2001 ("CJJA") in respect of all EU countries other than Denmark (with equivalent provisions applying to Denmark, Iceland, Norway and Switzerland as signatories to the Brussels and Lugano Conventions, both of which Conventions are covered by the CJJA reciprocal enforcement provisions); Foreign Judgements (Reciprocal Enforcement) Act 1933 in respect of those jurisdictions covered by the CJJA, Israel, Suriname and Tonga and to judgements of the recognised courts of the Commonwealth countries of Australia, the Federal Court of Canada and any courts in most of the provinces of Canada as well as Guernsey, the Isle of Man, the Bailiwick of Jersey, certain territories of the Republic of India and Pakistan; and the Administration of Justice Act 1920 in respect of the superior courts of Commonwealth countries and British Overseas Territories within 12 months from the date of the relevant judgement.

In respect of all other jurisdictions (including the United States), judgements are not automatically enforceable in Scotland and would be required to be enforced in Scotland under common law.

Fees and expenses

The fees and expenses which will be borne by the Company and investors are limited as set out above, but there is no formal cap on their level.

Accordingly, the maximum amount of fees and expenses which could theoretically be indirectly borne by the investors is equal to the value of their investment in the Company, including, in relation to indemnities, any distributions made to them by the Company.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The FCA Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, each Director has statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors. Furthermore, the AIFM does not give preferential treatment to any investors who open savings plan accounts for the purpose of investing in the shares of the Company and it is obliged under the rules of the FCA to ensure that all investors in the savings plans are treated fairly. Oversight of its compliance with the aforementioned rules and the achievement of fair outcomes for investors is undertaken by the F&C Group Treating Customers Fairly Committee and through the operation of an embedded complaints handling procedure.



RISK FACTORS AND RISK MANAGEMENT

Risk profile

The Company's key risks and the procedures in place for the management of those risks are set out in the Annual Report and Accounts which can be accessed at www.fandcukhit.co.uk under the heading "Principal Risks and Viability Statement" and "Internal Controls and Risk Management" within the Strategic Report and within the Report of the Audit Committee.

The Company reports in its Interim Report and Accounts, which can be found at www.fandcukhit.co.uk, whether the key risks have changed since the year end.

Liquidity risk management

The AIFM and the Directors have in place a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations in respect of investment settlements, share buybacks, loan repayments, interest payments, dividend payments and other operating costs.

The majority of the Company's portfolio of investments is liquid. However, where there has been a deterioration in credit quality or an event of default, the Company may not be able to liquidate quickly, at fair value, some of its investments in the Higher Yield Portfolio. Details of the Company's Equities Portfolio and Higher Yield Portfolio are contained within the Annual Report and Accounts which can be accessed at www.fandcukhit.co.uk. At the Company's Annual General Meeting held on 29 June 2017, shareholders approved a change to the Company's investment policy in order to remove the Higher Yield Portfolio.

A list of pre-approved counterparties, selected on strict criteria, is maintained by the AIFM. Cash and deposits must be held with approved banks with a minimum rating as set by the Company from time to time.

Investors will be notified by way of a disclosure on the website in the event of any material changes being made to the liquidity management systems and procedures, or where any new arrangements for managing the Company's liquidity are introduced.

Professional negligence liability risks

The AIFM is covered under professional indemnity insurance.

Amendment of this Document

Any changes made to this document will be notified to investors by way of disclosure on the Company's website at www.fandcukhit.co.uk.