MONEY WISE UK · ILLUSTRATIVE INCOME PLANNING

A Model Income Portfolio of UK-Listed Investment Trusts

A companion paper to the retirement income calculator — showing one way a diversified, high-yield trust portfolio could be built, and how the numbers behind it work.

This is a worked example, not a recommendation. See page 2.

Before you read on

This paper is illustrative only. The portfolio, weightings and figures shown are a worked example to demonstrate how a diversified, income-focused trust portfolio might be constructed and how the accompanying calculator works — they are not a recommendation to buy any of the trusts named, and they are not tailored to any individual's circumstances, objectives or attitude to risk. Anyone considering these or similar investments should seek regulated financial advice before acting.

Every figure in this paper — yields, dividend cover, discounts — reflects prices and disclosures at the time of writing (July 2026). Trust share prices move daily, boards can rebase dividends, and past dividend growth is never a guarantee of future payments. Treat the numbers here as a snapshot used to illustrate a method, not as current, tradeable data.

Why this paper exists

The calculator lets someone move the sliders and see an income figure appear. That's useful, but a number on a screen means little without the reasoning behind it. This paper sets out the thinking: why these ten trusts, why grouped this way, and why the yield changes as the weighting shifts between resilience and income.

How the portfolio is built

The model spreads capital across five things that behave differently from one another: UK equity income, Asia Pacific equity income, credit and fixed income, infrastructure, and commercial property. The aim isn't to chase the single highest yield available — it's to combine trusts whose income comes from genuinely different sources, so a problem in one part of the portfolio doesn't automatically become a problem for the whole thing.

Within that spread, each trust was chosen for a specific job: some anchor the portfolio with decades of dividend discipline, others carry the higher yields but with more single-factor risk attached. The weighting between them is what determines whether the overall portfolio leans toward resilience or toward income — shown in the three example allocations later in this paper.

The ten trusts

Trust	Ticker	Category	Yield	Why it's in the portfolio
City of London Investment Trust	CTY	UK Equity Income	4.1%	60 consecutive years of dividend increases
Merchants Trust	MRCH	UK Equity Income	5.0%	Long-standing dividend hero, revenue-reserve backed
Henderson Far East Income	HFEL	Asia Pacific Equity Income	10.0%	Highest-yielding Asian income trust in its peer group
Aberdeen Asian Income Fund	AAIF	Asia Pacific Equity Income	5.7%	17 consecutive years of dividend increases
Invesco Bond Income Plus	BINV	Credit & Fixed Income	7.1%	Diversified high-yield bond mix across sectors and regions

Trust	Ticker	Category	Yield	Why it's in the portfolio
CQS New City High Yield	NCYF	Credit & Fixed Income	8.0%	18 consecutive years of dividend increases
HICL Infrastructure	HICL	Infrastructure	7.0%	Dividend cover of approximately 1.7x
International Public Partnerships	INPP	Infrastructure	7.0%	Inflation-linked revenues support cash flow visibility
Greencoat UK Wind	UKW	Infrastructure	10.5%	Dividend cover of 1.3x, income linked to CPI
Picton Property Income	PCTN	Property	5.5%	Covered dividend, industrial-weighted UK portfolio

Yields shown are prospective, sourced at the time of writing, and are not guaranteed.

Three ways to weight it

The calculator ships with three starting points. Moving from Resilience-first toward Yield-first doesn't create yield from nowhere — it trades dividend-cover strength and diversification for a higher number. That trade-off is the whole point of showing three versions side by side.

Trust	Balanced	Resilience-first	Yield-first
City of London (CTY)	15%	20%	8%
Merchants (MRCH)	12%	15%	5%
Henderson Far East Income (HFEL)	8%	5%	15%
Aberdeen Asian Income (AAIF)	7%	6%	7%
Invesco Bond Income Plus (BINV)	12%	15%	6%
CQS New City High Yield (NCYF)	10%	7%	16%
HICL Infrastructure (HICL)	12%	15%	12%
International Public Partnerships (INPP)	10%	8%	9%
Greencoat UK Wind (UKW)	8%	5%	15%
Picton Property Income (PCTN)	6%	4%	7%
Blended yield	**6.8%**	**6.4%**	**7.6%**

£250,000 invested at the Balanced weighting implies an illustrative annual income of roughly £17,000, or about £1,417 a month, before charges or tax. At Resilience-first that falls to around £16,000 a year; at Yield-first it rises to around £19,000. Run your own figures in the calculator alongside this paper.

What could change these numbers

- Discount-driven yield. Some of the higher yields here — particularly across infrastructure and renewables — reflect trusts trading at a discount to net asset value through 2026. A narrowing discount helps total return, but it doesn't itself grow the income paid out.
- Rate sensitivity. Infrastructure and renewable energy trusts are typically more sensitive to interest rate expectations than equity income trusts. A shift in rate expectations can move share prices independently of the underlying dividend.
- Concentration risk in the highest yielders. Henderson Far East Income and Greencoat UK Wind offer the strongest income in the portfolio, but each carries a single dominant driver — Asian equity income sustainability, and UK power prices and renewables policy, respectively.
- Dividend cover isn't measured the same way everywhere. Equity income trusts lean on revenue reserves built up over years; infrastructure and renewables trusts measure cover as cash generated against cash distributed. Comparing a headline cover figure across categories without this distinction can be misleading.

How to use this alongside the calculator

Use this paper to understand the reasoning, then use the calculator to see how a specific pot size and weighting translates into a pound figure. Adjusting the sliders won't change the reasoning above —

the trade-offs described here apply at any pot size. The calculator will only show an income figure once the weightings add up to exactly 100%, which keeps the arithmetic honest rather than quietly rounding in the background.

Important information