

BMO Capital & Income Investment Trust plc



March 2019

Manager Commentary Julian Cane



The stronger market conditions we experienced in January continued through into February. After a gain of 4.7% in the first month of the year, the FTSE All-Share recorded a further increase of 2.3% in the second. If anything, economic indicators were a little weaker in February, but the strength of markets has not really been driven by expectations of particularly robust underlying economies, as by the interpretation that interest rates (especially in the US) are not likely to rise by as much, or as fast, as previously thought.

Of course, Brexit 'negotiations' continue at the time of writing, as the prime minister's crisis continues. Whether we're to be saved another attempt to come up with a solution should be evident soon after this comment is published.

It has been a busy month for companies reporting 2018 results and current trading. As an example, UK housebuilders and construction-related companies have generally reported strong results, albeit with some caution about current trading. Valuations for most of these companies appear undemanding, as many investors (particularly international investors) want nothing to do with UK domestic economic exposure, but therein probably lies the opportunity.

The UK retail bank Lloyds also appears to fall into this category. Continued growth in profit and dividends, together with a very robust balance sheet and a £4bn proposed share buy-back only just stirred some interest from other investors, but the shares are still trading on a dividend yield of 4.7%. Barring a very adverse economic scenario for the UK, these shares look attractively priced.

Key facts as at 28.02.2019

Trust aims: To generate long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies.

Trust highlights:

- Dividends increased annually since launch in 1992, paid quarterly and grown significantly faster than inflation
- Diversified portfolio focusing on well-established UK companies
- Targets long-term capital and income growth.

See page 3 for more information on dividend growth

Benchmark: FTSE All-Share Index

Fund type: Investment Trust

Launch date: 1992

Total assets: £336.8m

Share price: 305.50p

NAV: 309.23p

Discount/Premium(-/+): -1.21%

Dividend payment dates: Mar, Jun, Sep, Dec

Net dividend yield †: 3.62%

Net gearing/Net cash*: 5.9%

Management fee rate:** 0.40%

Performance fee: None

Ongoing charges:** 0.58%

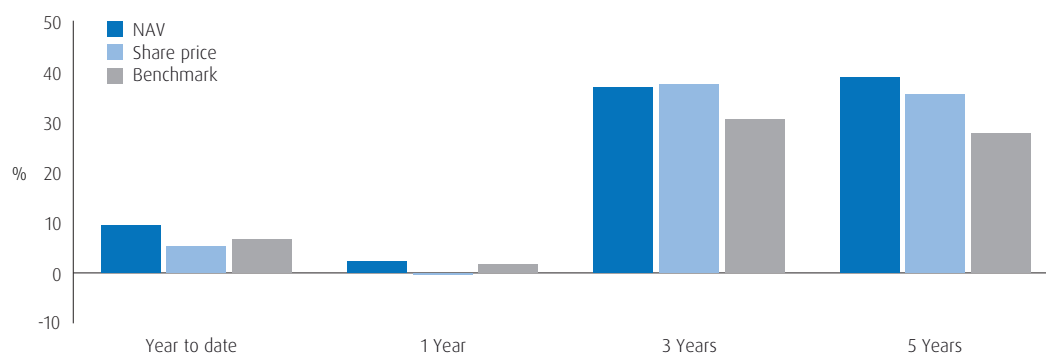
Year end: 30 September

Sector: UK Equity Income

Currency: Sterling

Website: bmo-capitalandincome.com

Fund performance as at 28.02.2019



Cumulative performance (%) as at 28.02.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.60	9.40	2.25	36.69	38.82
Share price	0.49	5.34	-0.22	37.42	35.32
Benchmark	2.29	6.57	1.70	30.39	27.57

Discrete performance (%) as at 28.02.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	2.25	8.14	23.62	-2.05	3.69
Share price	-0.22	15.02	19.74	-5.94	4.69
Benchmark	1.70	4.40	22.81	-7.32	5.56

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. If markets fall, gearing can magnify the negative impact on performance.

Past performance is not a guide to future performance.

Source: Thomson Reuters Eikon, Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. The discrete performance table refers to 12 month periods, ending at the date shown.

** Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

Lines may be recorded

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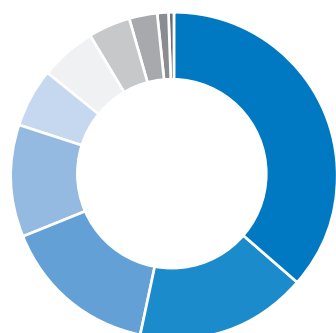
Trust codes

Stock exchange	BCI
Sedol	346328
Legal Entity Identifier	21380052ETTRKV2A6Y19

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Diageo	3.8	3.2	0.6	Consumer Goods
Secure Income REIT	3.5	0.0	3.5	Financials
GlaxoSmithKline	3.4	3.3	0.1	Health Care
Unilever	3.3	2.0	1.3	Consumer Goods
Rio Tinto	3.3	2.2	1.1	Basic Materials
Legal & General Group	3.2	0.7	2.5	Financials
Phoenix	3.0	0.2	2.8	Financials
Royal Dutch Shell	3.0	8.8	-5.8	Oil & Gas
Beazley	2.8	0.1	2.7	Financials
Bovis Homes Group	2.8	0.1	2.7	Consumer Goods

Sector breakdown (%)



Financials	36.4
Consumer Goods	17.2
Industrials	15.4
Consumer Services	11.1
Health Care	5.8
Oil and Gas	5.6
Basic Materials	4.2
Technology	2.7
Utilities	1.1
Telecommunications	0.5

Net dividend distributions pence per share

	2014	2015	2016	2017	2018	2019
March	2.25	2.30	2.35	2.40	2.45	2.55
June	2.25	2.30	2.35	2.40	2.45	
September	2.25	2.30	2.35	2.40	2.45	
December	3.10	3.20	3.25	3.45	3.60	
Total	9.85	10.10	10.30	10.65	10.95	2.55

Glossary

Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.



All data as at 28.02.2019 unless otherwise stated.

All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets. † The yield is calculated on an historic basis using the actual dividends paid during the last twelve months and the closing share price as at the end of the relevant month. * Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. **Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (03/19)

25 years of dividend growth



BMO Capital and Income Investment Trust seeks to achieve its objective of long-term capital and income growth by investing in companies with good long-term prospects which may not be fully reflected in their share prices; many of its stocks have a higher than average dividend yield. While the majority of holdings are in large and mid-cap UK companies, the Trust also invests in some smaller companies.

The Trust has built up an impressive record of paying dividends. In every year since the Trust's launch in 1992, it has succeeded in increasing the dividend paid to investors. Since 1998, the Trust has beaten the average dividend paid by the broad UK stock market (as represented by the FTSE All-Share Index). It has also significantly outpaced the rate of inflation as measured by the CPI (Consumer Price Index).

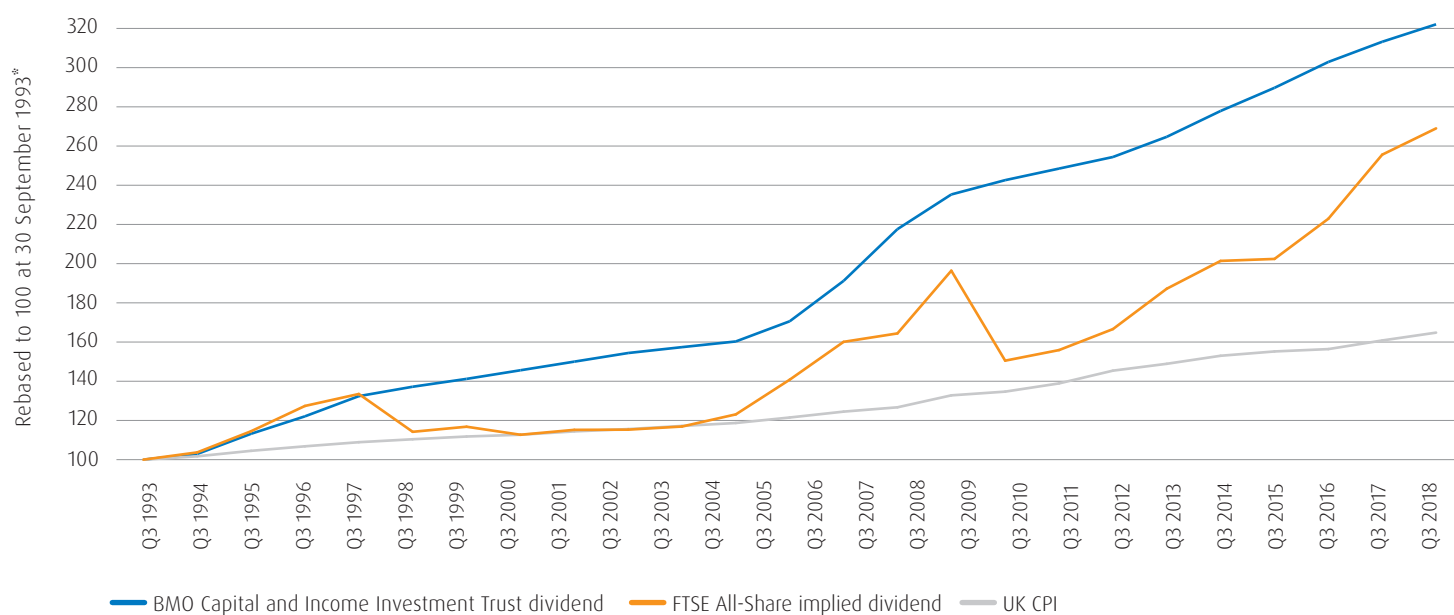
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

With dividends paid four times a year, the Trust is a great option for investors looking for a regular income. For investors with a longer-term horizon, taking the option to reinvest the dividends could be a highly effective way of increasing the total return from their investment.

All in all this Trust is an effective solution for investors who want long-term capital and income growth.

Past performance is not a guide to future results. The value of investments can go down as well as up and you may not get back the full amount that you invested.

A growing dividend that historically has beaten the stock market and inflation



*All three data series have been rebased to 100 as at 30 September 1993, the end of the BMO Capital and Income's first year, to allow direct comparison.