

Manager Commentary
Julian Cane



As the UK's summer came to an end, and the season shifted to the darker days of Autumn, a different undercurrent appeared in the stock market. Central bankers have given greater discussion to laying the groundwork for a change in monetary policy. Instead of policy being designed to help economies through the COVID-19 crisis, it seems to be heading towards greater normalisation; steps are being taken to withdraw the extraordinary measures required during the pandemic. This is a response to economies recovering but also, at least in part, to surging prices. The official mantra is that this obvious burst of inflation is 'temporary' as economies rebound following their slump, but many investors are not convinced. This can be seen through the increase in bond yields, which have, in turn, led to some disruption in equity markets.

In September, the FTSE All-Share Index fell 1.0%, and it was noticeable that medium and smaller-sized

companies performed worse than the largest. A large part of this was due to the strength of BP and Royal Dutch Shell, both of which experienced share price increases of about 15%. Our portfolio has little (certainly relative to the Index) invested in these companies, so our relative performance was adversely impacted. We also suffered from a 7% fall in the share price of Intermediate Capital, our second largest holding, despite there being no significant news for that company. In the broader context that its shares rose by more than 70% over the last year, perhaps some volatility is understandable.

30 September is the financial year end for the trust. The full year report and accounts will be produced later, but it is encouraging to note the strong absolute and relative gains made over the year.

Key facts as at 30.09.2021

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

Trust highlights:

- Our well-diversified portfolio has outperformed its benchmark over the short, medium and long-term under Julian Cane, our Fund Manager for over 24 years.
- A recognised "AIC Dividend Hero", our dividend has increased every year since launch in 1992 and grown at more than twice the rate of inflation.
- Investor demand remains robust and the Company's shares continue to trade close to the underlying Net Asset Value.

See page 3 for more information on dividend growth

Benchmark: FTSE All-Share Index

Fund type: Investment Trust

Launch date: 1992

Total assets: £380.8m

Share price: 325.00p

NAV: 331.66p

Discount/Premium(-/+): -2.01%

Dividend payment dates: Mar, Jun, Sep, Dec

Net dividend yield †: 3.57%

Net gearing/Net cash*: 6.0%

Management fee rate:** 0.40%

Performance fee: None

Ongoing charges:** 0.58%

Year end: 30 September

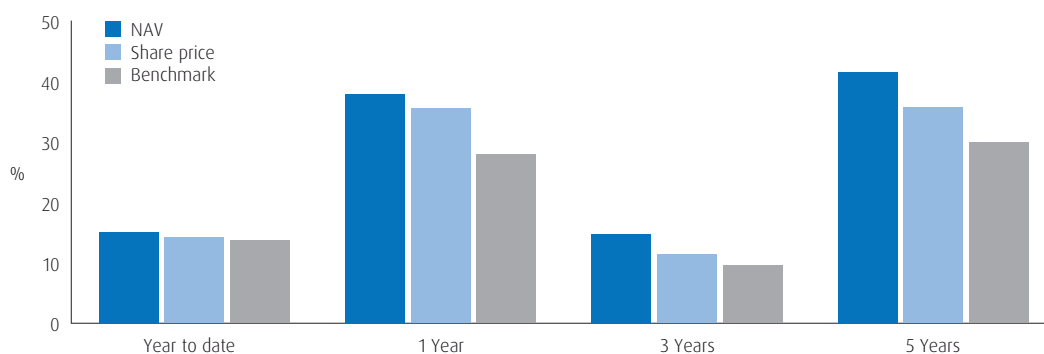
Sector: UK Equity Income

Currency: Sterling

Website: bmo-capitalandincome.com

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

Fund performance as at 30.09.2021



Cumulative performance (%) as at 30.09.2021

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-2.56	15.02	37.77	14.62	41.38
Share price	-1.93	14.06	35.49	11.33	35.67
Benchmark	-0.96	13.56	27.89	9.53	29.81

Discrete performance (%) as at 30.09.2021

	2021/2020	2020/2019	2019/2018	2018/2017	2017/2016
NAV	37.77	-21.01	5.34	5.53	16.88
Share price	35.49	-20.34	3.15	5.26	15.77
Benchmark	27.89	-16.59	2.68	5.87	11.94

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.

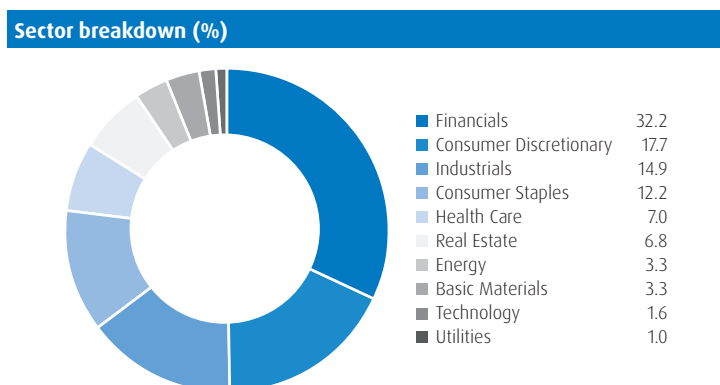
Source: Thomson Reuters Eikon, Lipper and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. The discrete performance table refers to 12 month periods, ending at the date shown.



Lines may be recorded

Trust codes	
Stock exchange	BCI
Sedol	346328
Legal Entity Identifier	21380052ETTRKV2A6Y19

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
OSB Group	5.9	0.1	5.8	Financials
Intermediate Capital	4.8	0.2	4.6	Financials
AstraZeneca	4.3	5.7	-1.4	Health Care
Diageo	4.1	3.4	0.7	Consumer Staples
Unilever	3.8	4.3	-0.5	Consumer Staples
Legal & General Group	3.7	0.7	3.0	Financials
Countryside Properties	3.3	0.1	3.2	Consumer Discretionary
Rio Tinto	3.2	2.2	1.0	Basic Materials
Vistry	3.2	0.1	3.1	Consumer Discretionary
Secure Income REIT	3.2	0.0	3.2	Real Estate



Net dividend distributions pence per share						
	2016	2017	2018	2019	2020	2021
March	2.35	2.40	2.45	2.55	2.65	2.65
June	2.35	2.40	2.45	2.55	2.55	2.60
September	2.35	2.40	2.45	2.55	2.55	2.60
December	3.25	3.45	3.60	3.75	3.75	
Total	10.30	10.65	10.95	11.40	11.50	7.85

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 30.09.2021 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. (10/21)

27 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).

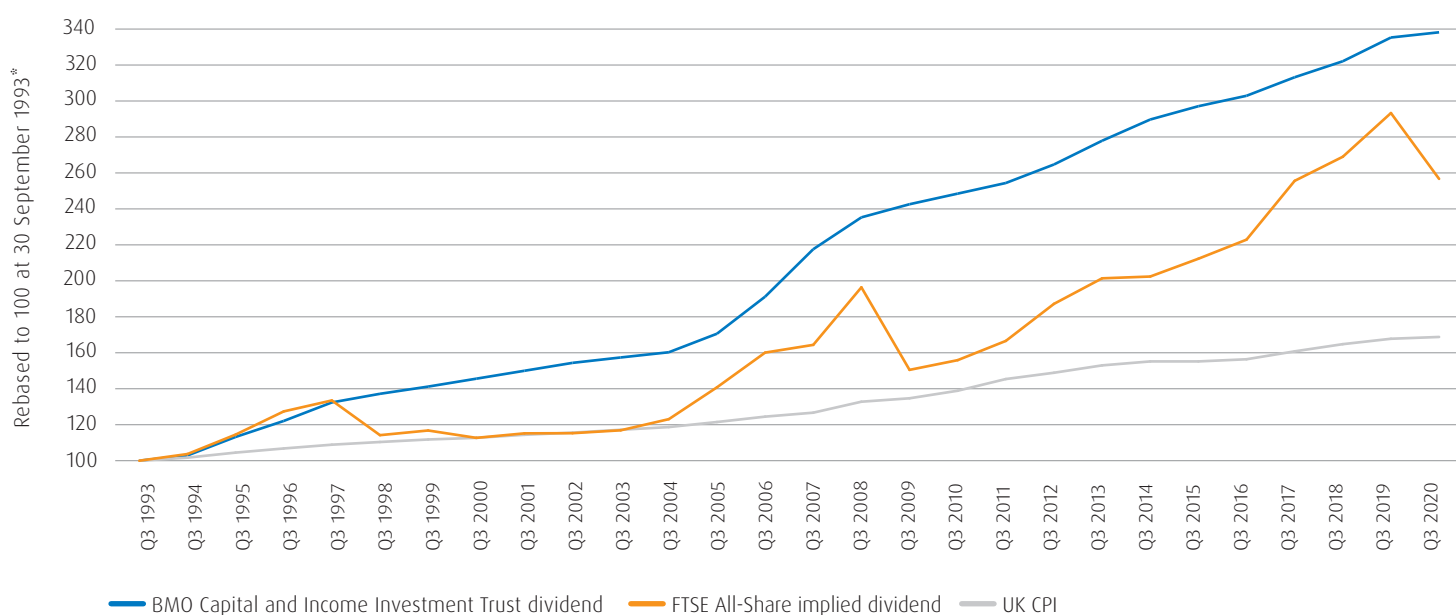
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.