

# BMO Capital & Income Investment Trust plc



June 2021

## Manager Commentary Julian Cane



The UK stock market continued in its positive vein in May, with a total return for the FTSE All-Share of 1.1%. This takes the calendar year-to-date return to 10.9%, making it one of the best-performing markets worldwide. The issue that is confronting financial markets now is not so much whether growth will return, but if growth will be too strong, thereby driving inflation. Some inflation is perhaps inevitable as the economy recovers from so severe a slump, and as supply chains and stocks are re-established. The view of central banks is that any inflation will be temporary, but the possibility the inflation genie may escape, fuelled by loose monetary conditions and asset purchases, is unnerving some investors.

As shares are 'real' assets (i.e. unlike conventional bonds, the payments are not pre-determined in fixed, nominal terms), we believe that modest inflation may not be a bad thing. Indeed, one of the elements we consider in assessing companies is the extent to which they have pricing power for their products or services. The more a company is able to adjust its pricing, the less of a concern inflation should be.

During May, our own performance was impacted a little by falls in the share prices of Beazley, Burford Capital and Intermediate Capital, with the latter two falls largely being a response to the companies' strength in previous months. Insurance is an out-of-favour sector (partly because of the impact of Covid-19), but we still believe Beazley will generate attractive returns in the future.

### Key facts as at 31.05.2021

**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:** £378.2m

**Share price:** 323.00p

**NAV:** 329.21p

**Discount/Premium(-/+):** -1.89%

**Dividend payment dates:** Mar, Jun, Sep, Dec

**Net dividend yield †:** 3.58%

**Net gearing/Net cash\*:** 4.5%

**Management fee rate\*\*:** 0.40%

**Performance fee:** None

**Ongoing charges\*\*:** 0.58%

**Year end:** 30 September

**Sector:** UK Equity Income

**Currency:** Sterling

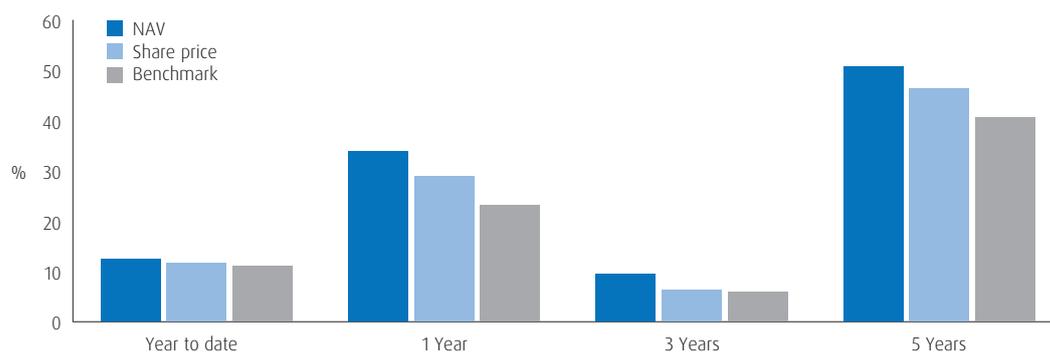
**Website:** [bmo-capitalandincome.com](http://bmo-capitalandincome.com)

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



Lines may be recorded

### Fund performance as at 31.05.2021



### Cumulative performance (%) as at 31.05.2021

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	0.44	12.44	33.88	9.41	50.60
<b>Share price</b>	-0.31	11.58	28.91	6.27	46.24
<b>Benchmark</b>	1.11	10.92	23.13	5.92	40.50

### Discrete performance (%) as at 31.05.2021

	2021/2020	2020/2019	2019/2018	2018/2017	2017/2016
<b>NAV</b>	33.88	-16.88	-1.69	7.97	27.49
<b>Share price</b>	28.91	-14.65	-3.42	8.64	26.68
<b>Benchmark</b>	23.13	-11.16	-3.17	6.53	24.52

### 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.



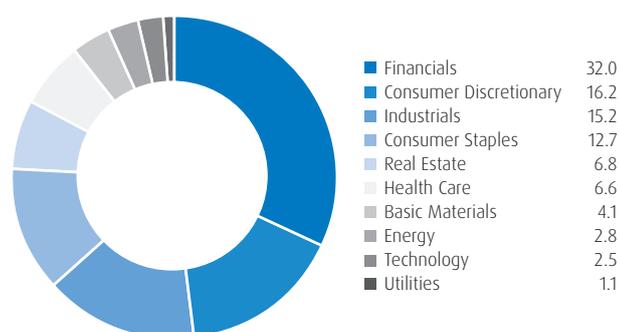
### Trust codes

Stock exchange	BCI
Sedol	346328
Legal Entity Identifier	21380052ETTRKV2A6Y19

### Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
<b>OSB Group</b>	5.7	0.1	5.6	Financials
<b>Intermediate Capital</b>	5.1	0.2	4.9	Financials
<b>Unilever</b>	4.1	4.5	-0.4	Consumer Staples
<b>Rio Tinto</b>	4.1	2.8	1.3	Basic Materials
<b>Diageo</b>	4.0	3.3	0.7	Consumer Staples
<b>AstraZeneca</b>	3.9	4.5	-0.6	Health Care
<b>Legal &amp; General Group</b>	3.8	0.7	3.1	Financials
<b>Vistry</b>	3.6	0.1	3.5	Consumer Discretionary
<b>Countryside Properties</b>	3.5	0.1	3.4	Consumer Discretionary
<b>Secure Income REIT</b>	3.0	0.0	3.0	Financials

### Sector breakdown (%)



### Net dividend distributions pence per share

	2016	2017	2018	2019	2020	2021
<b>March</b>	2.35	2.40	2.45	2.55	2.65	2.65
<b>June</b>	2.35	2.40	2.45	2.55	2.55	2.60
<b>September</b>	2.35	2.40	2.45	2.55	2.55	
<b>December</b>	3.25	3.45	3.60	3.75	3.75	
<b>Total</b>	10.30	10.65	10.95	11.40	11.50	5.25

### 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 31.05.2021 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. (06/21)

# 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).

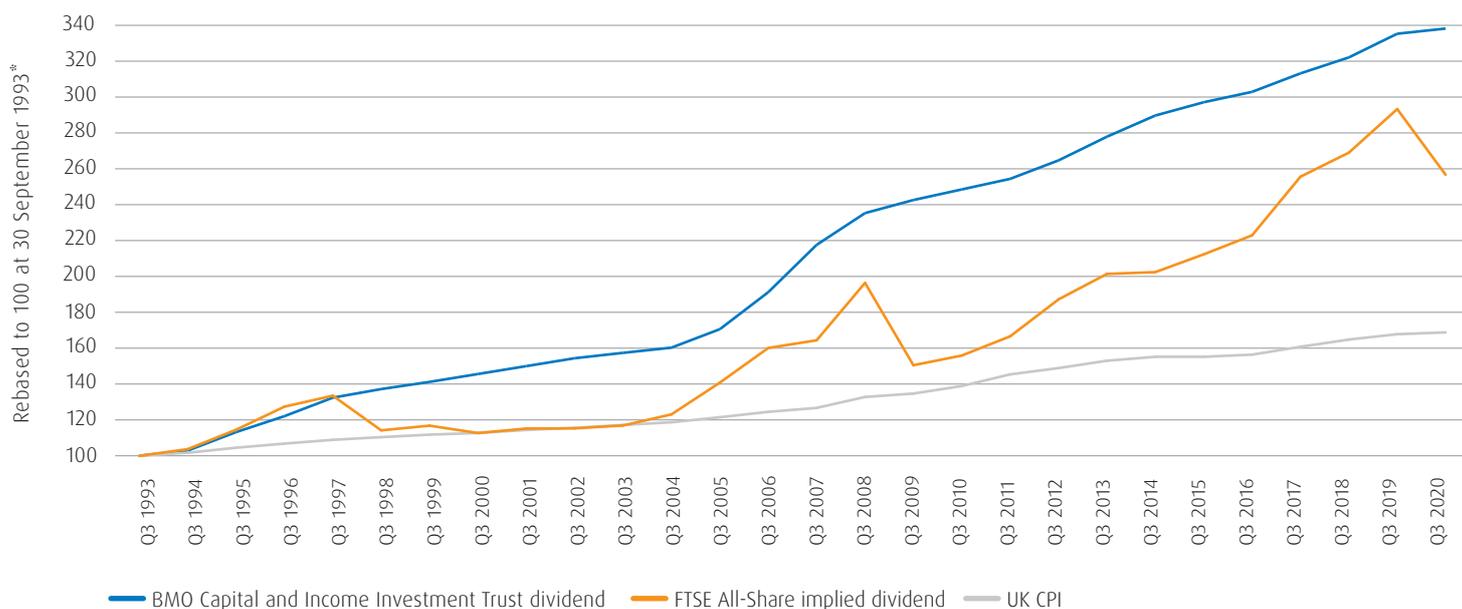
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.