

# BMO Managed Portfolio Trust PLC

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## AGM Presentation

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# Investment Risks

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- The value of investments and any income from them can go down as well as up and investors may not get back the original amount invested.
- The value of your investment is dependent on the supply and demand for the shares of the Investment Trust rather than its underlying assets. The value of your investment will not be the same as the value of the Investment Trust's underlying assets.
- Gearing is used for investment purposes to obtain, increase or reduce exposure to an asset, index or investment. The use of gearing can enhance returns to investors in a rising market, but if the market falls the losses may be greater.

# BMO Managed Portfolio Trust

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- At launch in April 2008 95% Rollover £42m assets, 2,300 shareholders (approx)
- Active Share Repurchase and Issuance Programme kept rating close to net asset value
- BMO Retail Plans, significant source of demand
- Since Feb 2015 Income Portfolio has issued shares to the value of £24m and Growth Portfolio has issued shares to the value of £20m In total raising £44m.
- Appointed as rollover vehicle for Cayenne Trust which was liquidated in December 2015. £13m of assets moved to the F&C Managed Portfolio Trust
- Assets currently are over £185m with over 15,000 shareholders

# What is the BMO Managed Portfolio Trust – key attributes

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## Aim to be a Long Term Savings Vehicle for private individuals and trusts

- Use the capital structure of an investment company to customise returns for shareholders
- Conventional Investment Company structure with two separate portfolios – Income and Growth
- Clear objectives for both portfolios :
  - growth – capital returns only
  - income – income growth/total return
- Listed on LSE in April 2008, focussed portfolios with around 40 holdings in each
- Performance
- Very low portfolio turnover
- Transfer of Income between portfolios
- Tight control of rating/discount, good liquidity of shares
- Conversion Facility

# Income Portfolio – Discount to Launch

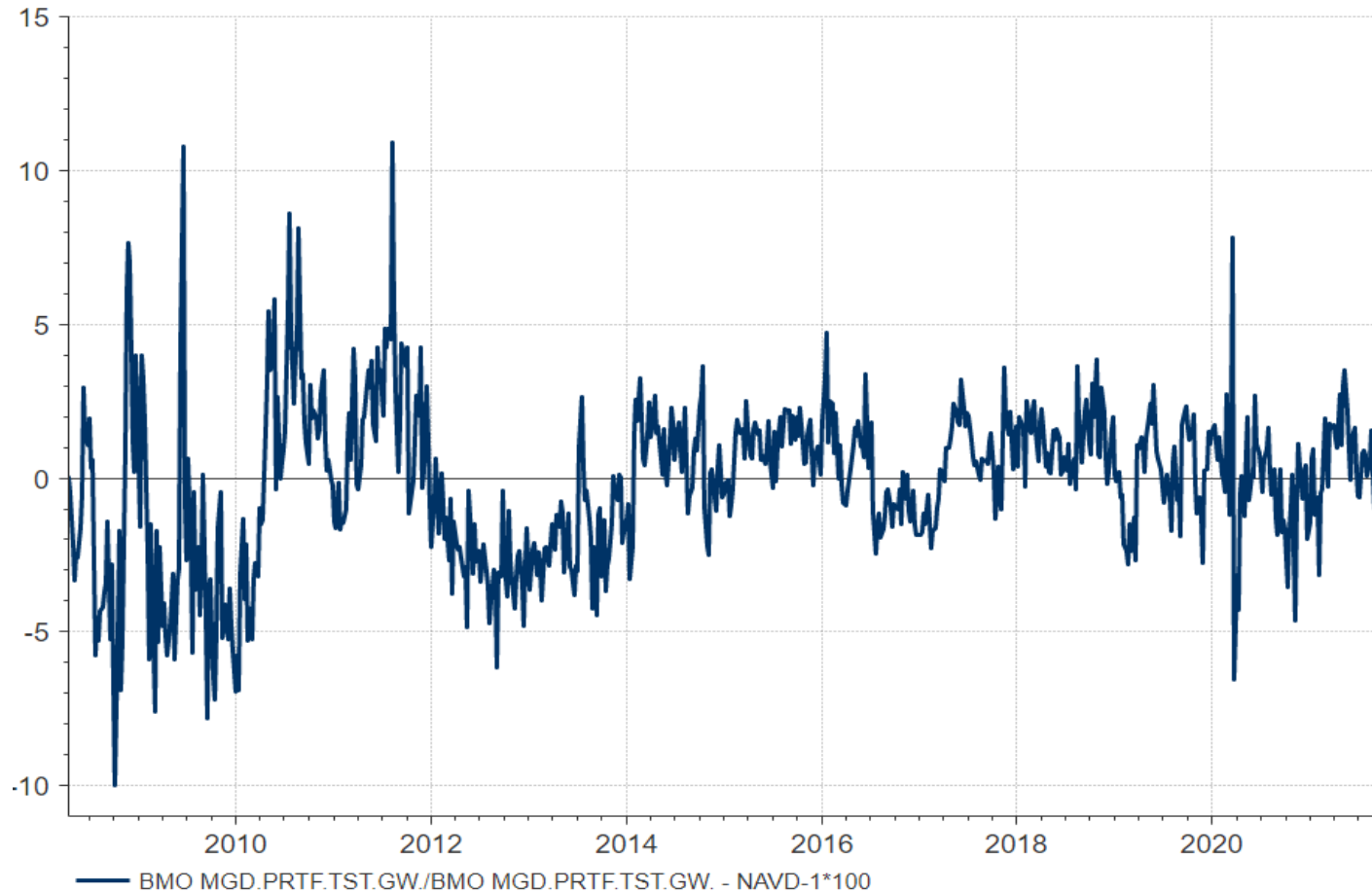
As at 22 September 2021



Source: Refinitiv Datastream

# Growth Portfolio – Discount to Launch

As at 22 September 2021



Source: Refinitiv Datastream

# BMO Managed Portfolio Trust Performance to 31 May 2021

Performance against Benchmark	1 Yr %	3 Yrs %	5 Yrs %	Since Launch 16 April 08 %
Income Portfolio NAV	+29.0	+12.6	+57.2	+166.8
Growth Portfolio NAV	+32.5	+33.8	+87.8	+181.7
FTSE All Share Index	+23.1	+5.9	+40.5	+109.6

Performance against Benchmark	3 mth to 31 <sup>st</sup> Aug 2021 %
Income Portfolio NAV	+4.2%
Growth Portfolio NAV	+6.0%
FTSE All Share Index	+3.4%

Past performance should not be seen as an indication of future performance.

Source: AIC, BMO, All Figs are net total return

# Table of Returns

Year to 31 May	Income NAV	Growth NAV	FTSE All-Share
2009*	-22.4%	-29.9%	-23.2%
2010	23.9%	24.2%	22.9%
2011	24.4%	24.0%	20.4%
2012	-6.6%	-12.6%	-8.0%
2013	34.2%	32.8%	30.1%
2014	6.0%	9.3%	8.9%
2015	10.0%	12.8%	7.5%
2016	-4.8%	-4.5%	-6.3%
2017	24.5%	26.4%	24.5%
2018	3.0%	11.0%	6.5%
2019	2.6%	-0.5%	-3.2%
2020	-7.3%	1.5%	-11.2%
2021	29.0%	32.5%	23.1%
Since Inception (16/4/08 to 31/08/21)	178.1%	198.5%	116.7%

Past performance should not be seen as an indication of future performance. \* Net Total return figures



# BMO MPT Income Yield Comparison and Dividend Record

	Dividend/Income Yield
FTSE All Share Index (UK Equities)	3.12%
FTSE All Stocks Index (UK Govt Bonds)	0.96%
BMO Managed Portfolio Trust Income Portfolio	4.40%

## 10 Year Dividend Record

2008-11 4.4p

2012 - 4.5p

2013 - 4.6p

2014 - 4.8p

2015 - 5.0p

2016 - 5.2p

2017 - 5.45p

2018 - 5.70p

2019 - 5.95p

2020 - 6.10p

2021 - 6.20p +1.6%

Q1 FY2022 1.55p v 1.40p +10.7%

Special Dividend of 0.8p paid with Q4 2018 div

Source: Financial Times Sept 23rd 2021 and Bloomberg

# Top Ten Holdings Growth Portfolio

Name	Portfolio %	Sector	Yield %
Monks Investment Trust	4.6	Global	0.2
Scottish Mortgage Investment Trust	4.5	Global	0.0
Allianz Technology Trust	4.4	Technology & Media	0.3
Polar Capital Technology Trust	3.6	Technology & Media	0.0
HG Capital Trust	3.5	Private Equity	1.3
Chrysalis Investments	3.4	Growth Capital	0.0
Impax Environmental Markets	3.3	Environmental	0.4
Herald Investment Trust	3.2	Global Small Companies	0.0
Mid – Wynd International	2.8	Global	0.8
Fidelity Special Values	2.9	UK All Companies	2.0

Source: BMO, 22<sup>nd</sup> Sept 2021 Bloomberg

# Top Ten Holdings Income Portfolio

Name	Portfolio %	Sector	Yield %
BB Healthcare	4.0	Biotechnology & Healthcare	2.8
HBM Healthcare Investments	3.8	Biotechnology & Healthcare	3.1
NB Private Equity Partners	3.7	Private Equity	3.3
Law Debenture	3.6	UK Equity Income	3.7
JPMorgan Global Growth & Income	3.4	Global Equity Income	3.4
Scottish American Investment Company	3.2	Global Equity Income	2.5
Invesco UK Perpetual Smaller Companies	3.2	UK Smaller Companies	3.1
Princess Private Equity	3.1	Private Equity	4.6
Secure Income REIT	3.0	Specialist Property	3.6
European Assets Trust	2.9	European Small Companies	5.4

Source: BMO, 31st Aug 2021 Bloomberg

# Recent Purchases– Growth Portfolio

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- Schiehallion Fund (Private Equity)
- Baillie Gifford China Growth (China)
- Fidelity Special Values (Addition) (UK All Companies)
- Law Debenture (Addition) (UK Equity Income)
- Aurora (Addition) (UK All Companies)
- Artemis Alpha (Addition) (UK All Companies)
- Lowland (Addition) (UK Equity Income)
- Henderson European Focus (Addition) (Europe)

As at 31st Aug 2021

# Recent Sales– Growth Portfolio

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- Murray International (Global Equity Income)
- BH Macro (Top Slice) (Hedge Fund)

As at 31st Aug 2021

# Recent Purchases - Income Portfolio

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- Diverse Income Trust (UK Equity Income)
- Digital 9 Infrastructure (Infrastructure)
- Lowland (Addition) (UK Equity Income)
- JPMorgan China Growth & Income (China)
- Secure Income REIT (Addition) (Specialist Property)

As at 31<sup>st</sup> Aug 2021

# Recent Sales – Income Portfolio

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- Utilico Emerging Markets (Global Emerging)
- Troy Income & Growth (UK Equity Income)
- BB Biotech (Top Slice) (Biotech & Healthcare)

As at 31<sup>st</sup> Aug 2021

# Prospects for 2021 and 2022

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- Confidence in vaccines being able to control the pandemic is high. Danger from new variants still exist but new vaccines will address the problem.
- Recovery from pandemic related recession is strong. Growth will peak in Q3 but will remain strong into 2022
- Path of inflation is key to financial markets and whether it is transitory (as Central Banks believe ) or sustained
- Federal Reserve to start tapering monetary stimulus in late 2021 with interest rates to rise in 2H2022
- Bond yields to remain low for some time yet but will start to rise in 2022
- Very Strong corporate earnings growth in 2021 and set to continue into 2022
- Valuations have moved above long run historic averages (in part due to the fall in 2020 eps) with the most extreme a forward p/e of 21x in US. UK one of the most attractive equity markets on a forward p/e of 13x.
- Still favour core holdings in investment companies exposed to secular growth, especially in BMPG and where possible in BMPI
- With Brexit uncertainty removed intention to increase holdings in UK investment companies exposed to mid and small caps in both BMPG and BMPI



# BMO Managed Portfolio Trust - Summary

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- London listed investment trust which employs a global investment strategy using investment companies
- Long term investment approach
- Unconstrained by benchmark, flexibility key
- Income Portfolio, equity based portfolio with 4.4% dividend yield. Strong performance since launch
- Growth Portfolio, global portfolio achieved very strong capital only performance over long term
- Growth Portfolio long term secular growth characteristics popular with parents to invest for children
- Income Portfolio steadily rising dividends with capital growth popular with older investors
- Designed as a long term savings vehicle for private clients/retail investors
- Potentially ideal for Trusts and Trustee Investment

# Individual Stock Returns

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## Growth Portfolio

Name	Purchase Date	Total Returns %
Allianz Technology Trust	May 2009	+1150
Polar Capital Technology Trust	April 2008	+1000
Scottish Mortgage	May 2008	+950
Biotech Growth Trust	Feb 2010	+570
Herald Investment Trust	Mar 2011	+385
Chrysalis Investments Ltd	April 2019	+145

Source: Bloomberg, data as at 22<sup>nd</sup> Sept 2021

# Individual Stock Returns

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## Income Portfolio

Name	Purchase Date	Total Returns %
Bankers Trust	April 2008	+326
3i Infrastructure	April 2010	+326
Schroder Oriental Income	May 2008	+290
BB Biotech	Feb 2014	+265
HBM Healthcare	May 2019	+116

Source: Bloomberg, data as at 22<sup>nd</sup> Sept 2021

# Appendix

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# Investment Trusts - Performance

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- Sector tends to do better in relative terms in rising markets. Reverse also true

## *Factors that influence performance*

- Gearing
- Currency
- Discounts
- Performance of Big Companies (FTSE 100) relative to Mid/Small Companies (FTSE 250/Small Cap index)

# Investment Philosophy & Process

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**Seeks long term total returns, aim for quality and consistency**

**Reliance on proprietary research**

**Absolute return mentality, protect clients capital in difficult markets**

**Look for performance of assets over time**

**Discount whilst an important element in the decision to invest it is not the dominant factor**

**Regular manager meetings**

- Identify managers who out perform consistently
- Understand investment process and style

**Good relationships with analyst and sell side brokers**

# Investment Philosophy

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## Long term investment perspective

### Focus on listed Investment Companies

- Manager access
- Liquidity
- Regulation

### Absolute return mentality

- Cash/gearing decision
- Capital protection/growth
- Freedom to invest globally without reference to a benchmark

### Take advantage of development of new and existing sectors

- Technology, biotechnology,
- Boutique flagship funds
- Emerging markets



# Investment Process?

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## Asset Allocation

- Portfolio will have a global/overseas bias
- Regular macro input from global strategy team

## Key drivers – ideas and stock selection

- Prospects for relevant market or sector company invests in
- Asset performance over long run, quality and consistency
- Identify fund managers who can outperform
- Regular meetings with managers is a key factor in decision to buy
- Discount whilst an important element as decision to invest is not the dominant factor

# Investment Process

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## Lack of quality research

- Leads to significant proprietary research work

## What to look for in managers

- Process
- Experience
- Resources
- Focus
- Performance

## Regular meetings with investee/target managers

## Understand investment process and style

# Investment Process

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## Objective

## Benchmark

## Portfolio turnover

## Buyback/issuance policy

- Is there a Discount Control Mechanism?
- DCM Track record

## Use of derivatives

## Investment outside of universe

- Style drift

## Nature of shareholders

## Board

# Investment Process

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## Gearing

- Who takes the decision, stated range of guidelines
- Magnitude, duration, fixed or variable, cost

## Allocation of costs

- Capital or income

## Fees

- Annual Management Charge, total expenses, nature of performance fees

## Dividend policy

- Appropriate level of revenue reserves
- Payment from capital reserve

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