

# BMO Capital & Income Investment Trust plc



November 2019

## Manager Commentary Julian Cane



While many equity markets worldwide moved higher in October, with the US S&P 500 Index rising to an all-time high, the UK stock market fell as the FTSE All-Share Index recorded a negative total return of -1.4%. To an extent, this was partly a reaction to the strength of the previous month, when the FTSE All-Share had a total return of +3.0%. The year-to-date total return in the calendar year is still an attractive +12.8%. The weakness of the UK market was also partly a reflection

of (and response to) the strong gains of sterling, which appreciated by more than 5% against the US dollar. As we have seen many times before, the UK stock market tends to move in an opposite direction to the currency – a rise in sterling decreases the value of a company's international assets and earnings, and vice versa.

The rise in sterling was a consequence of avoiding a 'hard' Brexit on 31 October. The partial progress through Parliament of a revised deal with Europe and the calling of a general election to resolve the arithmetical roadblock both suggest that at long last the UK may be heading towards some form of resolution. With a 'hard' Brexit arguably looking the least likely outcome, sterling experienced a strong rally.

Of course, we're all aware that the last general election made the arithmetic to resolve Brexit worse

rather than better. One of the possible outcomes from the election is a harder left government than the majority of investors can remember, which means there are reasons for caution. It seems whichever party wins, more government spending is promised, despite the still staggeringly high levels of government debt.

Among the biggest contributors to our performance last month were our positions in the very largest companies in the Index. We have relatively small investments in Royal Dutch Shell, BP and HSBC, all three of which experienced weak share prices.

## Key facts as at 31.10.2019

**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:** £346.5

**Share price:** 323.00p

**NAV:** 327.41p

**Discount/Premium(-/+):** -1.35%

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

**Net dividend yield †:** 3.48%

**Net gearing/Net cash\*:** 1.0%

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

**Performance fee:** None

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

**Year end:** 30 September

**Sector:** UK Equity Income

**Currency:** Sterling

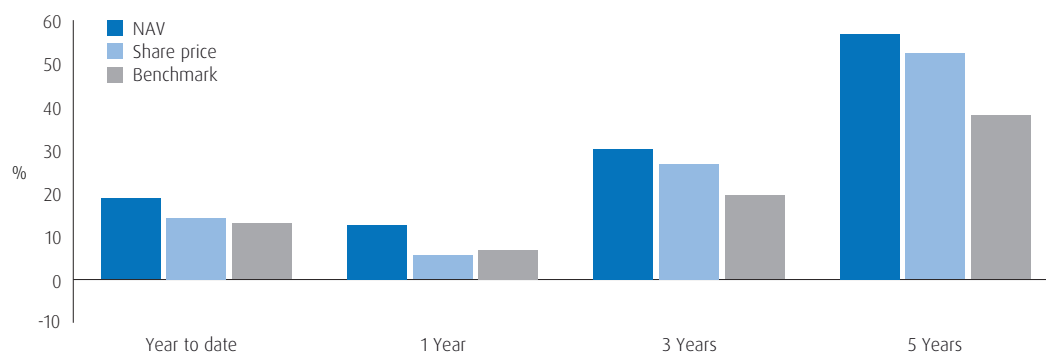
**Website:** [bmocapitalandincome.com](http://bmocapitalandincome.com)

\*\* 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 31.10.2019



## Cumulative performance (%) as at 31.10.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-0.47	18.68	12.51	30.10	56.72
Share price	-0.62	14.15	5.41	26.69	52.17
Benchmark	-1.40	12.81	6.79	19.31	37.89

## Discrete performance (%) as at 31.10.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	12.51	-4.22	20.72	11.64	7.90
Share price	5.41	1.58	18.32	10.57	8.63
Benchmark	6.79	-1.47	13.39	12.22	2.99

## Key risks

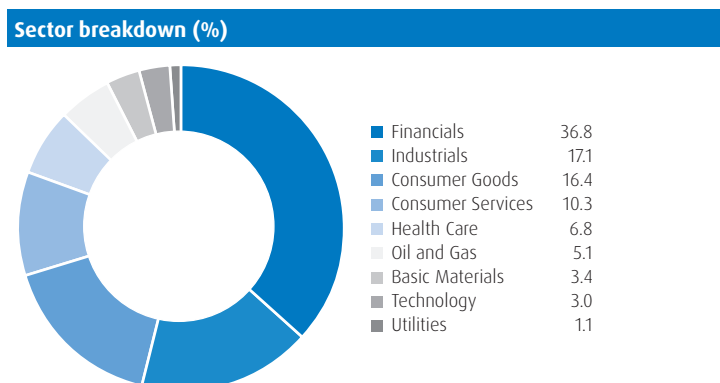
Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. If markets fall, gearing can 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>Diageo</b>	4.1	3.3	0.8	Consumer Goods
<b>GlaxoSmithKline</b>	3.9	3.8	0.1	Health Care
<b>Unilever</b>	3.7	2.2	1.5	Consumer Goods
<b>Secure Income REIT</b>	3.7	0.0	3.7	Financials
<b>Intermediate Capital</b>	3.0	0.2	2.8	Financials
<b>Phoenix</b>	3.0	0.2	2.8	Financials
<b>Beazley</b>	3.0	0.1	2.9	Financials
<b>Rio Tinto</b>	3.0	1.9	1.1	Basic Materials
<b>Bovis Homes</b>	2.9	0.1	2.8	Consumer Goods
<b>AstraZeneca</b>	2.9	4.3	-1.4	Health Care



Net dividend distributions pence per share						
	2014	2015	2016	2017	2018	2019
<b>March</b>	2.25	2.30	2.35	2.40	2.45	2.55
<b>June</b>	2.25	2.30	2.35	2.40	2.45	2.55
<b>September</b>	2.25	2.30	2.35	2.40	2.45	2.55
<b>December</b>	3.10	3.20	3.25	3.45	3.60	
<b>Total</b>	9.85	10.10	10.30	10.65	10.95	7.65

Glossary	
<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	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 31.10.2019 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. (11/19)

# 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).

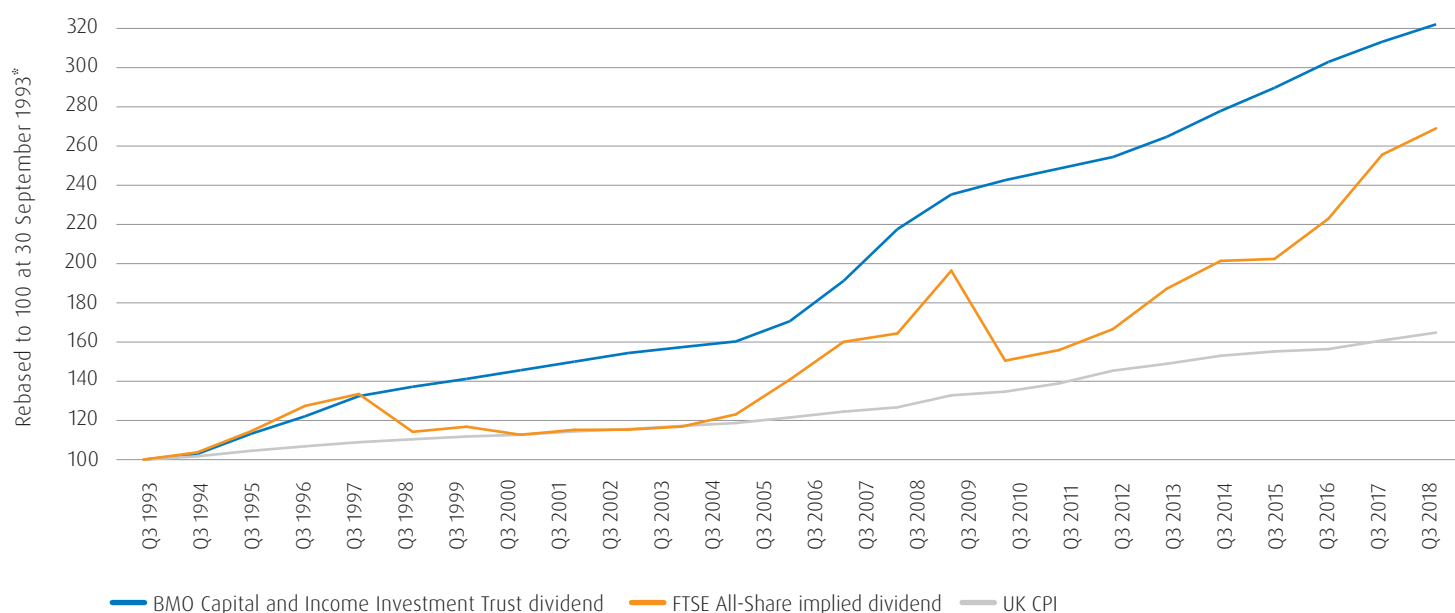
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.