

BMO Capital & Income Investment Trust plc



July 2021

Manager Commentary Julian Cane



The UK stock market largely paused for breath in June, struggling to make a positive return of just 0.2%, which takes the total return for the first half of the calendar year to 11.1%. This is very much in line with the total return generated by the Capital and Income Trust over the period. The strength of the market comes from recovering investor confidence, the actual and anticipated rebound in economic activity following the collapse last year, loose monetary conditions and central bank policies (including quantitative easing). The stock market has regained most, but not quite

all, of the losses it suffered in response to the start of the pandemic at the end of the first quarter 2020.

The possibility of a return to more inflationary times has recently been unsettling some investors. It is not surprising that the economic recovery is not straightforward; the nature and size of the preceding slump were unparalleled, as is the degree of fiscal and monetary support. Re-establishing workforces, stocks and supply chains with still-restrictive rules in place means some inflation is inevitable. In no way are we complacent about this threat, but a key component of our investment process is to consider the pricing power a company has for its products or services. We favour those companies with strong pricing power, as this should help to protect them from inflationary pressure. Related to this point, we also favour those companies with higher margins, recognising that not only is greater profitability likely to be a sign of pricing power, but also that this allows those companies much greater leeway when operating conditions

are not so favourable. Our third protection is that we look for companies with only moderate debt levels; that way, a rise in interest rates in response to greater levels of inflation (if that were to happen) would have less negative impact than if the company had higher levels of debt.

During June, our own performance was held back by falls in the share prices of housebuilders and building-related companies. The share prices of Vistry, Countryside Properties, Ibstock and Forterra all fell between 7% and 11%, despite all indications that operations are proceeding well. The reason for the share-price weakness is perhaps due to others' concern that the current strength of construction and the housing market is unsustainable. By contrast, our belief is that current conditions are not reflected in share prices, and in any event, we give a relatively low weight to such short-term issues while forecasting the medium and long-term prospects to be sound.

Key facts as at 30.06.2021

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: £372.0m

Share price: 326.00p

NAV: 323.46p

Discount/Premium(-/+): 0.78%

Dividend payment dates: Mar, Jun, Sep, Dec

Net dividend yield †: 3.54%

Net gearing/Net cash*: 5.1%

Management fee rate:** 0.40%

Performance fee: None

Ongoing charges:** 0.58%

Year end: 30 September

Sector: UK Equity Income

Currency: Sterling

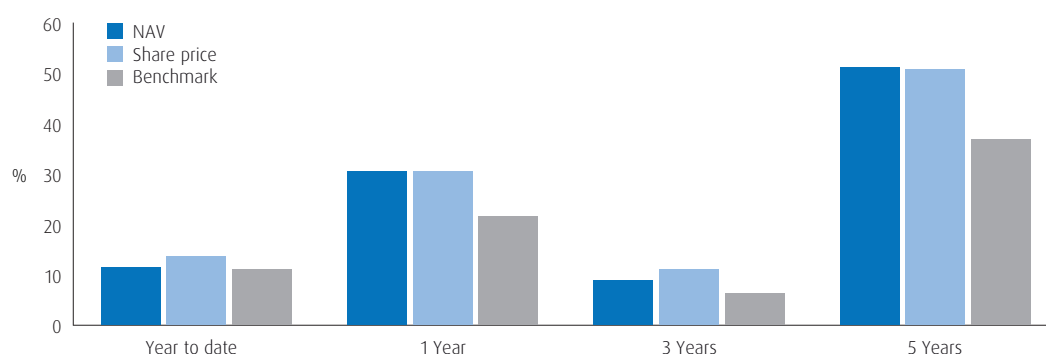
Website: bmoicapitalandincome.com

** 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 30.06.2021



Cumulative performance (%) as at 30.06.2021

| | 1 Month | Year to date | 1 Year | 3 Years | 5 Years |
|-------------|---------|--------------|--------|---------|---------|
| NAV | -0.97 | 11.35 | 30.51 | 8.92 | 51.14 |
| Share price | 1.74 | 13.52 | 30.42 | 10.95 | 50.60 |
| Benchmark | 0.16 | 11.09 | 21.45 | 6.28 | 36.86 |

Discrete performance (%) as at 30.06.2021

| | 2021/2020 | 2020/2019 | 2019/2018 | 2018/2017 | 2017/2016 |
|-------------|-----------|-----------|-----------|-----------|-----------|
| NAV | 30.51 | -17.85 | 1.60 | 10.03 | 26.11 |
| Share price | 30.42 | -16.69 | 2.11 | 6.57 | 27.37 |
| Benchmark | 21.45 | -12.99 | 0.57 | 9.02 | 18.12 |

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.



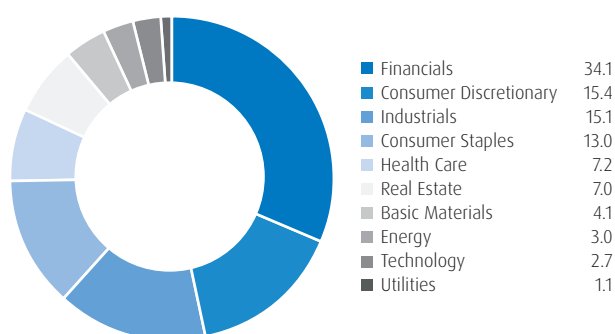
Trust codes

| | |
|-------------------------|----------------------|
| Stock exchange | BCI |
| Sedol | 346328 |
| Legal Entity Identifier | 21380052ETTRKV2A6Y19 |

Top 10 holdings (%)

| | Portfolio Weight | Benchmark Weight | Difference | Sector |
|----------------------------------|------------------|------------------|------------|------------------------|
| OSB Group | 5.7 | 0.1 | 5.6 | Financials |
| Intermediate Capital | 5.2 | 0.2 | 5.0 | Financials |
| AstraZeneca | 4.3 | 4.8 | -0.5 | Health Care |
| Unilever | 4.2 | 4.6 | -0.4 | Consumer Staples |
| Diageo | 4.1 | 3.3 | 0.8 | Consumer Staples |
| Rio Tinto | 4.1 | 2.7 | 1.4 | Basic Materials |
| Legal & General Group | 3.5 | 0.6 | 2.9 | Financials |
| Countryside Properties | 3.2 | 0.1 | 3.1 | Consumer Discretionary |
| Vistry | 3.2 | 0.1 | 3.1 | Consumer Discretionary |
| Secure Income REIT | 3.0 | 0.0 | 3.0 | Real Estate |

Sector breakdown (%)



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 | |
| December | 3.25 | 3.45 | 3.60 | 3.75 | 3.75 | |
| Total | 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 30.06.2021 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. (07/21)

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).

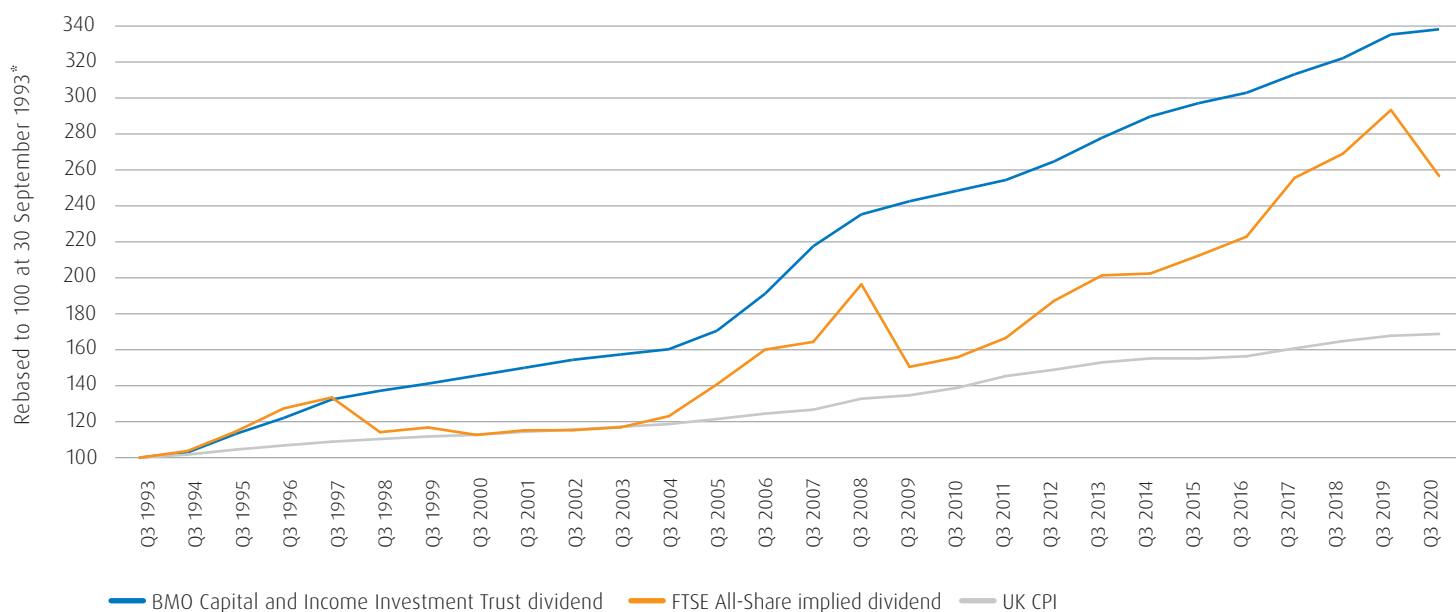
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.