

BMO Capital & Income Investment Trust plc



May 2020

Manager Commentary Julian Cane



After the sharp falls in the stock market in February and March (-8.9% and -15.1% for the FTSE All-Share Index, respectively) there was a limited recovery in April, with a positive total return of +4.9%. Our portfolio's recovery was stronger than that, starting to offset the previous decline.

Stock markets have been very much driven by the impact of the coronavirus – its actual effects, the effects of the imposed lockdown, as well as sentiment and liquidity needs in the market place. A very great deal

is still unknown about the virus, most obviously the number of people who have been infected and therefore its fatality rate, but at some point, whether because of a vaccine, medication or herd immunity, business activity will recover. It is the timing and extent of this recovery that investors are grappling with.

Over the last two months, we have made a number of changes to the portfolio. These were driven by the opportunities that arose as a result of the sharp moves in many share prices. We sold our investment in HSBC, as the share price had been resilient, and we reinvested the proceeds into OneSavings Bank (where the valuation is very low for the returns being generated) and Intermediate Capital, where we believe the market is misunderstanding the strength of the business and its opportunities for growth. We also continued to add to Coca-Cola HBC, one of the bottlers in the soft drink

system. Clearly this year will be very difficult for the company, but the longer-term growth and returns should not be much changed. Schroders, the investment management group, and Forterra, the brick manufacturer, were both new additions. Both companies had been on our radar as potential investments for a while and we had been waiting for an opportunity to buy. Clearly, the current crisis will have negatively affected their valuations, but we believe the falls in their share prices have been excessive.

We commented last month about the unprecedented number of dividend cuts. April added to that total with, among others, the first dividend cut from Royal Dutch Shell since World War II. Although this stock is the largest single dividend payer in the UK stock market, we have been reducing our exposure over a number of years to the extent that as at the end of April, it was no longer among our largest 20 investments.

Key facts as at 30.04.2020

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: £287.5m

Share price: 256.50p

NAV: 253.43p

Discount/Premium(-/+): 1.21%

Dividend payment dates: Mar, Jun, Sep, Dec

Net dividend yield †: 4.48%

Net gearing/Net cash*: 5.4%

Management fee rate:** 0.40%

Performance fee: None

Ongoing charges:** 0.58%

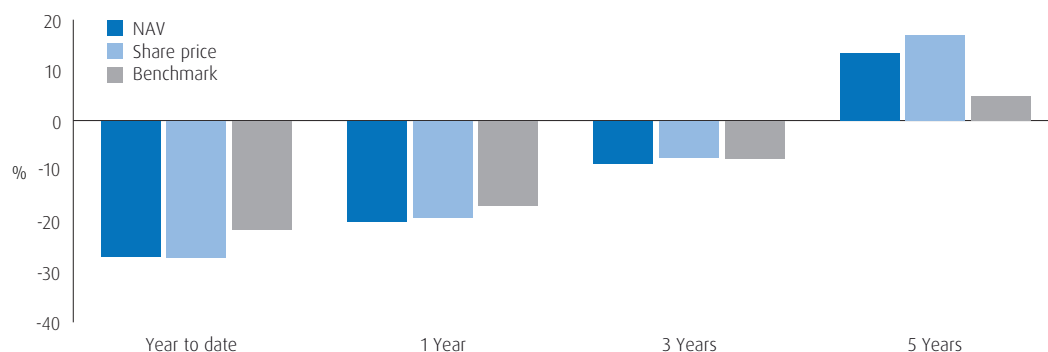
Year end: 30 September

Sector: UK Equity Income

Currency: Sterling

Website: bmocapitalandincome.com

Fund performance as at 30.04.2020



Cumulative performance (%) as at 30.04.2020

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	8.41	-26.82	-19.93	-8.47	13.33
Share price	8.69	-27.04	-19.18	-7.29	16.88
Benchmark	4.92	-21.45	-16.68	-7.53	4.77

Discrete performance (%) as at 30.04.2020

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
NAV	-19.93	3.56	10.38	24.07	-0.20
Share price	-19.18	4.54	9.72	21.06	4.14
Benchmark	-16.68	2.62	8.16	20.14	-5.69

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

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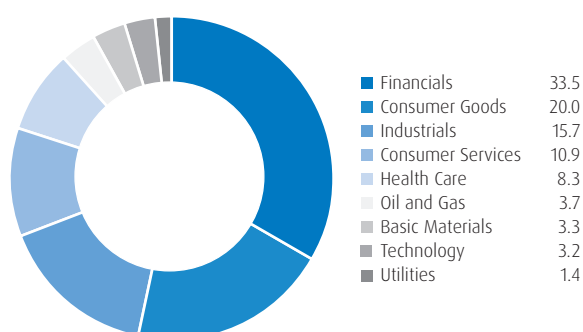
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Trust codes	
Stock exchange	BCI
Sedol	346328
Legal Entity Identifier	21380052ETTRKV2A6Y19

Top 10 holdings (%)				
	Portfolio Weight	Benchmark Weight	Difference	Sector
GlaxoSmithKline	4.4	4.4	0.0	Health Care
Diageo	4.2	3.4	0.8	Consumer Goods
Unilever	4.0	2.4	1.6	Consumer Goods
AstraZeneca	3.9	5.9	-2.0	Health Care
Countryside Properties	3.6	0.1	3.5	Consumer Goods
Intermediate Capital	3.5	0.2	3.3	Financials
Rio Tinto	3.3	2.2	1.1	Basic Materials
OneSavings Bank	3.2	0.0	3.2	Financials
Phoenix	3.1	0.2	2.9	Financials
Legal & General Group	2.9	0.7	2.2	Financials

Sector breakdown (%)



Net dividend distributions pence per share

	2015	2016	2017	2018	2019	2020
March	2.30	2.35	2.40	2.45	2.55	2.65
June	2.30	2.35	2.40	2.45	2.55	
September	2.30	2.35	2.40	2.45	2.55	
December	3.20	3.25	3.45	3.60	3.75	
Total	10.10	10.30	10.65	10.95	11.40	2.65

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 30.04.2020 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. (05/20)

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).

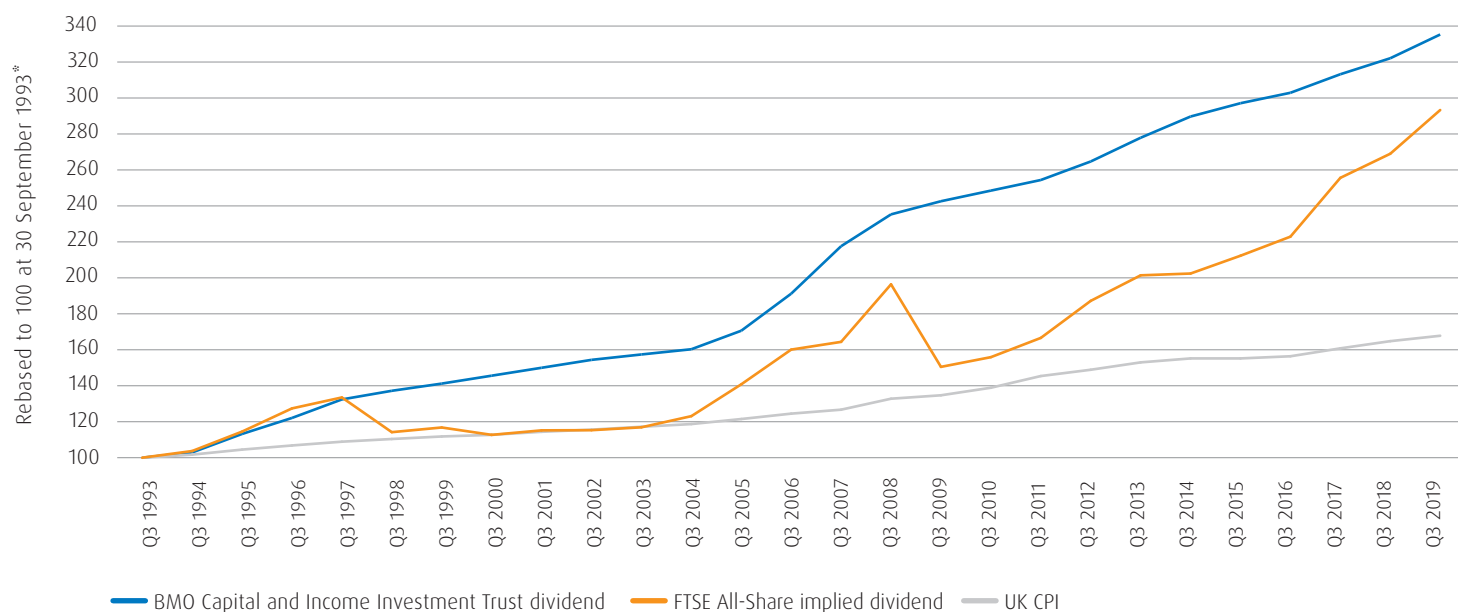
Maintaining a broadly diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.