

**Fund manager**  
**Julian Cane**



## Manager Commentary

May saw another positive performance from the FTSE All-Share Index as the UK equity market made a gain of 2.4%. The total return for the index since the start of the calendar year to the end of May was 8.6%. The gain in our own net asset value is a little ahead of the index over both periods.

As widely expected, inflation in the UK is continuing to reduce, with the latest data showing that price increases were at the lowest level in almost three years – they rose at 2.3% in the year to April, down from 3.2% in the prior month. Particularly significant within this was the fall of 27% in energy prices. However, although the rate of price increases is coming down, this is at a slower rate than had been anticipated. Prices are proving to be a little stickier than forecast; as a result, the Bank of England's Monetary Policy Committee is expected to be a little more reluctant to cut interest rates. Despite rates being static, both the Nationwide and Rightmove house price indices showed gains.

It has been repeated many times that the valuation of the UK equity market appears attractive – to an extent, the rise in the FTSE All-Share Index reflects that, and it is also manifested in a growing level of take-over activity. In our portfolio, a competitor announced that it had made a series of approaches to XP Power, culminating in a bid at £19.50 per share. This price was a 68% premium to XP Power's closing share price the previous day. As a very rough rule of thumb, take-over approaches have historically been made at about a 30% premium to the prevailing share price. The Board of XP Power firmly rejected the bid and, despite the substantial premium being offered, it said that the approach 'fundamentally undervalues the Company and its prospects.' We are happy to support the Board and agree with this assessment. It would be far-fetched to claim that all the shares in our portfolio are undervalued by this amount, but it provides an illustration of how peers or competitors with a focus on underlying value can see past the short-term myopia of some investors and highlight the substantial value opportunities in the UK equity market.

The UK market also saw a major rights issue launched during the month when National Grid announced plans to raise £7bn to invest in growing its energy infrastructure. The capital raise is equivalent to 0.27% of the UK equity market's capitalisation and is the largest rights issue since the immediate aftermath of the financial crisis. We own shares in National Grid and will be looking to support the rights issue, viewing the long-term opportunities and returns as attractive.

### 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.

## Key facts as at 31.05.24

**Trust aims:** To generate long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies.

### Trust highlights:

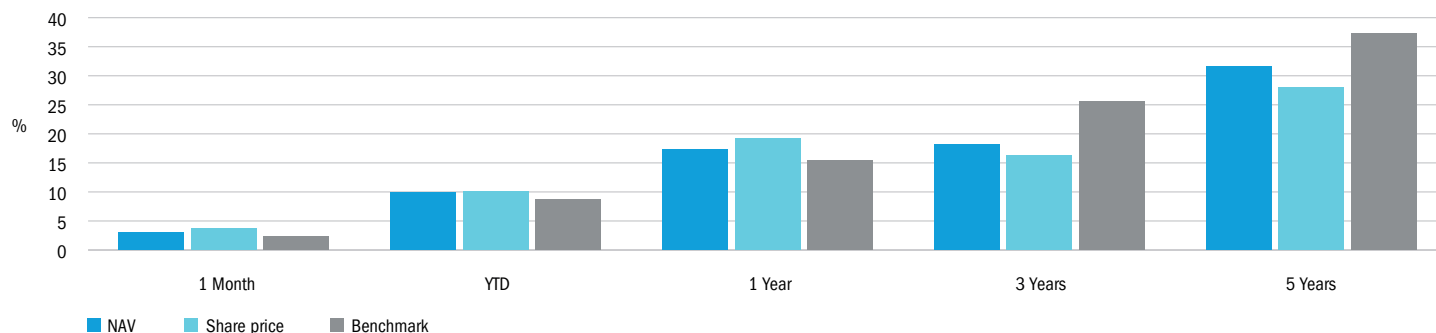
- A recognised "AIC Dividend Hero", our dividend has increased every year since launch in 1992 and grown at almost twice the rate of inflation.
- Investor demand remains robust and the Company's shares continue to trade close to the underlying Net Asset Value.

See page 4 for more information on dividend growth

<b>Benchmark:</b>	FTSE All-Share Index
<b>Fund type:</b>	Investment Trust
<b>Launch date:</b>	1992
<b>Total assets:</b>	£377.6m
<b>Share price:</b>	334.00p
<b>NAV:</b>	347.15p
<b>Discount/premium(-/+):</b>	-3.79%
<b>Dividend payment dates:</b>	Mar, Jun, Sep, Dec
<b>Net dividend yield<sup>†</sup>:</b>	3.70%
<b>Net gearing/Net cash<sup>†</sup>:</b>	4.7%
<b>Management fee rate<sup>**</sup>:</b>	0.40%
<b>Performance fee:</b>	None
<b>Ongoing charges<sup>**</sup>:</b>	0.66%
<b>Year end:</b>	30 September
<b>Sector:</b>	UK Equity Income
<b>Currency:</b>	Sterling
<b>Website:</b>	ctcapitalandincome.co.uk

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

## Fund performance as at 31.05.24



## Cumulative performance as at 31.05.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.00	9.92	17.38	18.21	31.55
Share price	3.73	10.15	19.20	16.32	27.99
Benchmark	2.41	8.68	15.44	25.54	37.32

## Discrete annual performance as at 31.05.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	17.38	-0.44	1.15	33.88	-16.88
Share price	19.20	-3.24	0.85	28.91	-14.65
Benchmark	15.44	0.44	8.27	23.13	-11.16

**Past performance is not a guide to future performance.** Source: Thomson Reuters Eikon, Lipper and Columbia Threadneedle Investments. 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.

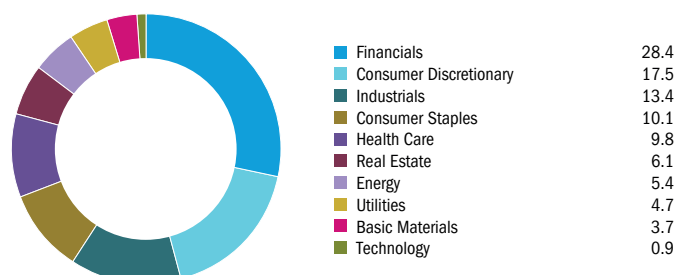
## Trust codes

Stock exchange	CTUK
Sedol	346328
Legal Entity Identifier	21380052ETTRKV2A6Y19

## Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
Intermediate Capital	6.4	0.3	6.1	Financials
AstraZeneca	5.8	7.4	-1.6	Health Care
OSB Group	5.7	0.1	5.6	Financials
Vistry	5.6	0.2	5.4	Consumer Discretionary
LondonMetric Property	4.8	0.2	4.6	Real Estate
RELX	4.5	2.7	1.8	Consumer Discretionary
Unilever	4.5	4.4	0.1	Consumer Staples
Beazley	3.7	0.2	3.5	Financials
Rio Tinto	3.7	2.5	1.2	Basic Materials
Legal & General Group	3.7	0.6	3.1	Financials

## Sector breakdown (%)



## Net dividend distributions pence per share

	2019	2020	2021	2022	2023	2024
March	2.55	2.65	2.65	2.65	2.75	2.85
June	2.55	2.55	2.60	2.65	2.75	2.85
September	2.55	2.55	2.60	2.65	2.75	
December	3.75	3.75	3.75	3.85	3.90	
<b>Total</b>	<b>11.40</b>	<b>11.50</b>	<b>11.60</b>	<b>11.80</b>	<b>12.15</b>	<b>5.70</b>

## 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.



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All data as at 31.05.2024 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, 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.

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CT UK Capital & Income Investment Trust PLC is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6A. Email: [inv.trusts@columbiathreadneedle.com](mailto:inv.trusts@columbiathreadneedle.com) or electronically at [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com). Please read before taking any investment decision.

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CT UK 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.

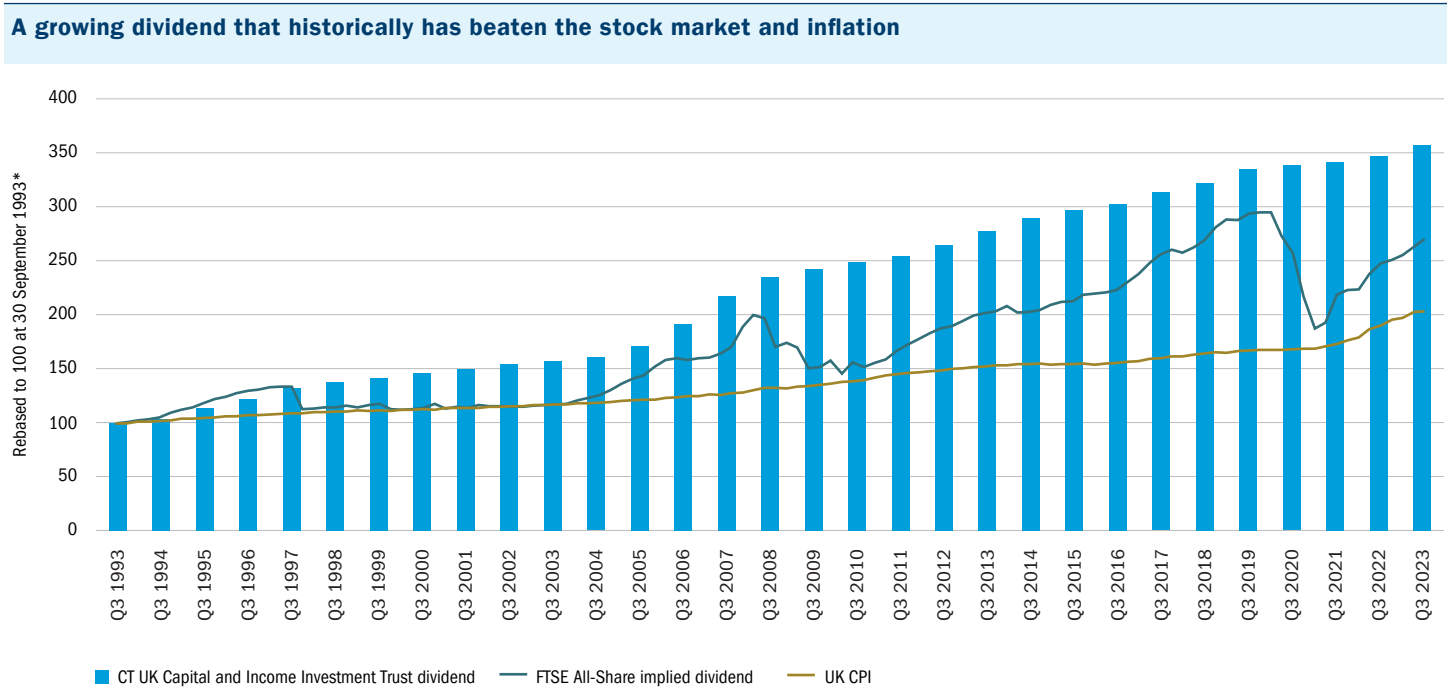
The Trust has built up an impressive record of paying dividends. In every year since the Trust's launch in 1992, it has succeeded in increasing the dividend paid to investors. Since 1998, the Trust has beaten the average dividend paid by the broad UK stock market (as represented by the FTSE All-Share Index). It has also significantly outpaced the rate of inflation as measured by the CPI (Consumer Price Index).

Maintaining a 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.**



\*All three data series have been rebased to 100 as at 30 September 1993, the end of the Columbia Threadneedle Investments Capital and Income's first year, to allow direct comparison.