

# BMO Capital and Income Investment Trust PLC

Report and Accounts for the half-year  
ended 31 March 2020

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## Contents

Company Overview	1
Financial Highlights	2
Chairman's Statement	3
Directors' Statement of Principal Risks and Uncertainties	7
Twenty Largest Holdings	8
Portfolio Weightings	10
Condensed Income Statement	12
Condensed Statement of Changes in Equity	14
Condensed Balance Sheet	16
Condensed Statement of Cash Flows	17
Notes to the Condensed Accounts	18
Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report	24
How to Invest	25
Information for Shareholders	27

## Company Overview

Our objective is to secure long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies.

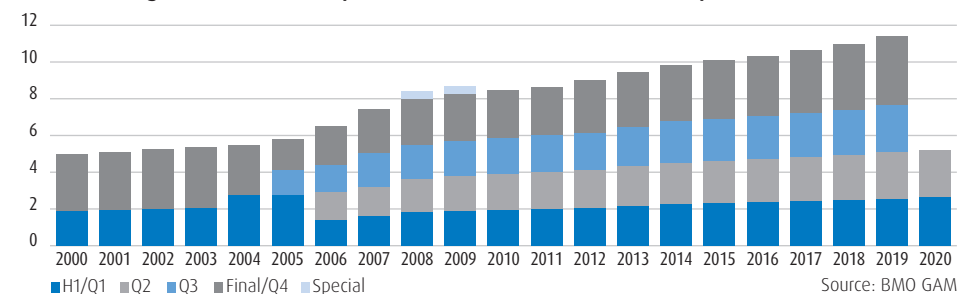
- Our well-diversified portfolio has outperformed its benchmark over the medium and long term under Julian Cane, our Fund Manager for over 20 years.
- A recognised "AIC Dividend Hero", our dividend has increased every year since launch in 1992 and grown at more than twice the rate of inflation.
- Investor demand remains strong and the Company continues to grow through regular share issues.
- Our Ongoing Charges\* of 0.58% represents very good value for Shareholders.

BMO Capital and Income Investment Trust is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth over the longer term in capital and income and who understand and are willing to accept the risks, and rewards, of exposure to equities.

\*See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 30 September 2019.

Visit our website at [bmocapitalandincome.com](http://bmocapitalandincome.com)

Dividend Progression for BMO Capital and Income Investment Trust – pence



The Company is registered in England and Wales with company registration number 02732011

Legal Entity Identifier: 21380052ETTRKV2A6Y19



## Financial Highlights for the half-year

5.2p

The dividend <sup>(1)</sup> for the period of 5.2p represents an increase of 2.0% over the previous period.

-25.9%

Share price total return <sup>(2)</sup> of -25.9% with the price ending the period at 236p, having reached a record high of 358p during the period prior to the outbreak of the Coronavirus pandemic.

-27.5%

Net Asset Value per share total return <sup>(2)</sup> ended the period down 27.5%, underperforming the -22.0% return from the benchmark FTSE All-Share Index, having been ahead of benchmark until mid-March.

0.9%

The share price ended the period at a premium\* to Net Asset Value of 0.9% with the shares having traded at an average premium of 0.1%.

(1) The first interim dividend of 2.65 pence per share was paid on 31 March 2020 and the second interim dividend of 2.55 pence per share is payable on 30 June 2020 to Shareholders registered on 12 June 2020.

(2) Total Return – the return to Shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or Net Asset Value in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex-dividend.

\* See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 30 September 2019.

## Chairman's Statement

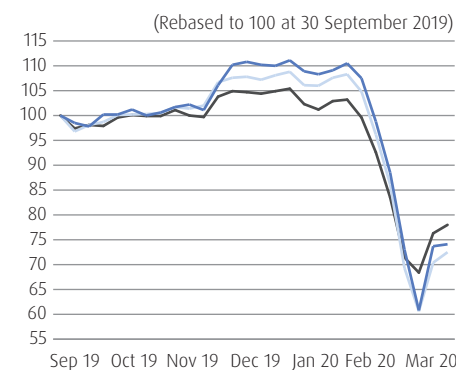
Dear Shareholder,

This is my first report to you since being appointed Chairman following Steve Bates' retirement at the end of March and I would like to thank him, on behalf of all Shareholders, for his thoughtful and informed leadership of the Board over almost nine years.

I shall comment on events and the performance of the Company for the period from 1 October 2019 to 31 March 2020 but first my thoughts are towards you as our Shareholders and I very much hope you are managing during this Coronavirus crisis as well as possible. We are aware that many investors rely on their dividend income to meet everyday living expenses and that is a key factor in our considerations and in the way the Investment Manager looks after your portfolio.

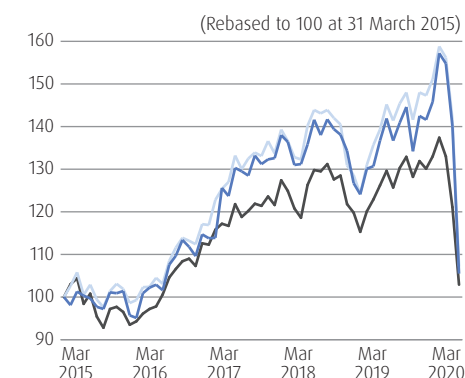
Rarely has such a short period encapsulated such sharp swings in performance. Against a background of stable but unexciting economic growth, our share price and Net Asset Value (NAV) had risen to record high levels in January. The spread of Coronavirus and the almost universal response by governments worldwide to impose lockdowns have had the inevitable effect of causing severe disruption to individuals, companies, economies and financial markets. The long-term impact of a previously unknown virus cannot be fully foreseen and international governmental responses are unparalleled. Lockdowns, in various formulations, have kept many billions of people away from their usual activities in order to slow the spread of the infection, reduce the burden on health facilities and hence reduce the number of fatalities. One inevitable consequence is that economic activity

### Performance over six months



— BMO Capital and Income share price total return  
 — BMO Capital and Income NAV total return  
 — FTSE All-Share Index total return

### Performance over five years



— BMO Capital and Income share price total return  
 — BMO Capital and Income NAV total return  
 — FTSE All-Share Index total return

Source: Refinitiv Eikon

## Chairman's Statement (continued)

has collapsed, quite possibly at the fastest rate ever, and some businesses have all but ceased trading, at least temporarily. Fortunately, governments and central banks have responded in very supportive ways, recognising the immense difficulty of the situation for many people and businesses.

The equity market is right at the forefront of this stress given the position of equity in the capital structure of companies. Equity holders own the profits of a company after all its other costs, including all borrowings and tax. Although schemes are in place for lenders to support borrowers, these are generally payment deferrals or extensions, rather than interest free gifts. For this reason, the equity market experienced a collapse which in speed and depth rivals any of those in the last century.

Even in these difficult circumstances your Investment Manager has maintained its focus on Environmental, Social and Governance issues.

**Performance:** Not only was our share price and NAV at record high levels in January, but our performance was better than that of our benchmark until the middle of March. These facts are not of much comfort given the results at the end of March, but they do show just how volatile the situation has been.

Over the six months under review, the share price total return was -25.9% and the NAV total return was -27.5%; these compare to the total return in

the FTSE All-Share Index, our benchmark, of -22.0%. Many of the main detractors to our performance were from the Financials sector: the total returns of the share prices of Arrow Global, Burford Capital, Beazley and OneSavings Bank were -51%, -49%, -36% and -32% respectively. These were partly offset by a relatively low exposure to mainstream banks. We also have relatively little exposure to the two UK quoted oil majors, Royal Dutch Shell and BP. Their total returns were -40% and -31% respectively. The oil market has had its own additional issues as oversupply of oil has compounded the effects of a fall in demand and this led to the price of a barrel of Brent crude falling from above US\$65 at its recent peak in January to just over US\$26 at the end of March.

As can be seen in the table below, the initial impact of the pandemic on the Company's performance has been more severe than on the UK market as a whole. The magnitude of the downturn has inevitably impacted our longer-term performance figures as well, but I'm glad to report that over 5 years to 31 March 2020 both our share price and NAV have still made absolute gains (+5.5% and +7.2% respectively) and that these are ahead of our benchmark (+2.9%).

**Premium / Discount:** It is clearly very difficult to isolate our share price from the volatility of the overall equity market and hence the range of our premium / discount has been wider than usual with a peak premium of 6.8% and a discount of 5.1%. However, we are vigilant to try to ensure the share price trades closely in line with the NAV and

	30.09.2019 to 31.01.2020	31.01.2020 to 31.03.2020
Impact of Coronavirus on Company Performance		
BMO Capital and Income share price total return	8.61%	(31.81%)
BMO Capital and Income NAV total return	5.58%	(31.36%)
FTSE All-Share Index total return	0.78%	(22.62%)

we have been broadly successful in this with the shares trading at an average premium across the six months of 0.1%.

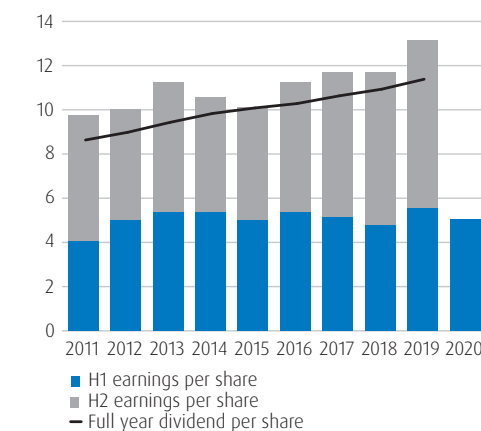
**Share Issuance:** Demand from new and existing investors has been such that we issued a total of 1,265,000 new shares across eight separate occasions over the six months. We have issued further shares since the half-year end taking the number of new shares issued in the financial year to date to 3,025,000, making this already the second busiest year of share issuance in your Company's history.

New shares are only issued at a premium to the 'cum income' NAV, meaning existing Shareholders are not disadvantaged. To the extent that a larger Company is able to spread its fixed costs across a wider base, all Shareholders will benefit from the increase in size brought about by the share issuance, together with enhanced liquidity in the shares themselves.

**Income and Dividend:** Although the crisis did not impact on companies and markets for the majority of our reporting period, the effect is still noticeable in our income (dividends received from our investee companies) and hence ultimately our revenue return per share. In order to preserve cash a number of companies have decided to cancel or defer dividend payments to their Shareholders. In some cases, such as banks, this has been advised by their regulators, in other instances, companies have needed to in order to maintain adequate liquidity and in yet others, the decision has been more precautionary in nature. Whatever the reason, the effect is the same; March is one of the busiest months for dividend announcements and ex-dividend dates, particularly from companies reporting results for calendar 2019 and the timing of this has been the main driver behind the fall in our revenue return per share of 9.5% when measured against the comparative period last year.

At the end of our first financial quarter there was no storm on the horizon and we announced an increase in the first quarter's dividend from 2.55 pence per share to 2.65 pence per share. With this set of results, we are announcing a dividend for the second quarter of 2.55 pence per share, unchanged from the comparative quarter last year, which will be paid on 30 June 2020 to Shareholders on the register on 12 June 2020. The aggregate dividends paid and payable therefore in respect of the half-year represent a 2.0% increase over the first half last year.

### BMO Capital and Income Investment Trust earnings and dividend progression



Source: BMO GAM

**Balance Sheet, Gearing and Liquidity:** We entered the new financial year with a loan drawn down of £10.0 million and cash of £4.2 million. During the six months your Investment Manager invested the cash and then in response to falling share prices borrowed and invested a further £10 million in new and follow-on opportunities where negative market movements were considered to be overdone. At the half-year end, the total borrowed, including overdraft, was £21.9 million, giving a gearing figure of 9.0%. In the very short-term the use of debt has been detrimental to performance, but the cost of our

borrowing is very modest and it would not require much return at all from our investments to make the borrowing positive for performance.

Our portfolio of investments is highly liquid with more than half of holdings being constituents of the FTSE 100 Index, the index of the largest and generally the most liquid stocks in the UK. There are no unlisted companies in the portfolio. We highlight this positive characteristic although the circumstances in which we would need liquidity are very unlikely. The loan facility of £30 million extends until March 2021 and you can be assured we will seek arrangements to renew this well ahead of time, if, indeed it is still required.

**Outlook:** There are some things we can be mostly sure about and others that are much more difficult to assess. It is surely reasonable to hope that, in time, a vaccine and/or cure for the Coronavirus will be found; thus allowing for life to return to a form of normal. We should expect, however, substantial changes in businesses' organisational structures and work practises. The timing of these is, of course, uncertain, but there has never been an occasion when so much collective effort on a worldwide basis has been directed at a single problem. Governments have very difficult choices to make in the meantime in how to handle the outbreak, aiming for a balance between allowing people liberty and businesses the ability to operate, whilst protecting against a resurgence of the disease.

For the majority of companies, financial results for 2020 will be affected by the impact of the pandemic, but, assuming this is an exceptional period and therefore not likely to be repeated, the adverse impact should not be significant when viewed from a longer term valuation perspective. Looking further ahead, or indeed back for historic comparisons, suggests that if companies are able to recover their profitability within a couple of

years then current valuations are attractive, certainly relative to the ultra-low returns available from bonds or deposit rates. Although the current crisis may be all enveloping, we are mindful other issues such as Brexit and international trade disputes have potential to cause additional disruption.

Approaching half of all UK listed companies have cut, deferred or cancelled their dividend payments in response to the crisis and this figure, for now at least, is only increasing. When and at what level dividends restart will depend both on the speed of the economic reset and the financial situation the individual companies are in. Increased debt levels are to be expected right across the corporate sector and this would suggest dividends are likely to be at lower levels, at least until the extra debt is repaid.

As I said at the start of this statement, the Board is very mindful of Shareholders' desire for income in addition to capital growth. We are also very proud of being an Association of Investment Companies "Dividend Hero" having increased our dividend every year since launch in 1992. In the majority of these years we have paid out a little less in dividends than we have earned, thus building up revenue reserves of £15.1 million by the beginning of the current financial year and prior to the fourth interim dividend in respect of 2019. This is a valuable resource for Shareholders when market returns become extremely challenging - as is now the case. Your Board has decided to utilise £0.2 million of those reserves to enable the Company to pay dividends in respect of the first half-year 2% greater than the same period last year. Notwithstanding the challenge occasioned by the impact on equity markets of the Coronavirus pandemic, the Company remains well placed to achieve its twin aims of growing net assets and dividends over the longer term.

On behalf of the Board  
Jonathan Cartwright  
Chairman  
29 May 2020

## Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing primarily in listed equities. They are described in more detail under the heading "Principal risks and future prospects" within the Strategic Report in the Company's Annual Report for the year ended 30 September 2019.

The principal risks identified in the Annual Report were:

- An inappropriate business or marketing strategy particularly in relation to investor needs or sentiment giving rise to a share price discount to NAV per share;
- Unfavourable markets or asset allocation, sector and stock selection and use of gearing and derivatives are inappropriate giving rise to investment underperformance as well as impacting capacity to pay dividends; and
- Errors, fraud or control failures at service providers, or loss of data through increasing cyber-threats or business continuity failure could damage reputation or investors interests or result in losses.

Since the beginning of 2020 the global economy has suffered considerable disruption due to the effects of the Coronavirus pandemic. The Directors have reviewed the key risk register for the Company which identifies the risks that the Company is exposed to, the controls in place and the actions being taken to mitigate them.

The Board considers that with the spread of the pandemic the threat from the principal risks has increased and have considered this in relation to going concern, see page 22.

It is noted that:

- As at 28 May 2020, the last practicable date before publication of the Company's Interim Report the Company's shares are trading at a small discount of 0.4% to NAV indicating that the strategy of the Company remains in investor demand;
- Performance in the period prior to the spread of the Coronavirus was strong, as can be seen in the analysis within the Chairman's Statement on page 4.
- In addition, the Board has noted that home working arrangements have been implemented at the Manager and many of the Company's key suppliers without any noticeable impact upon service delivery and operations.

## Twenty Largest Holdings

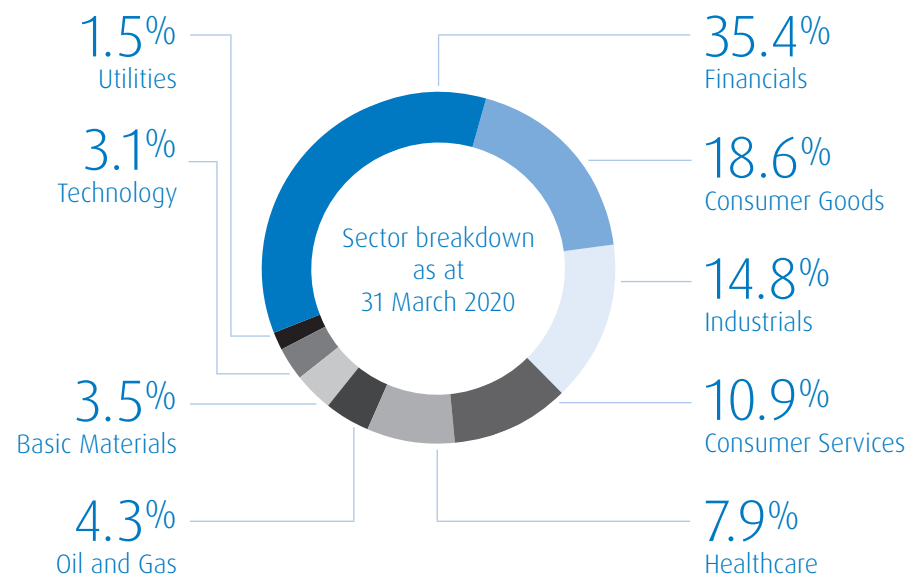
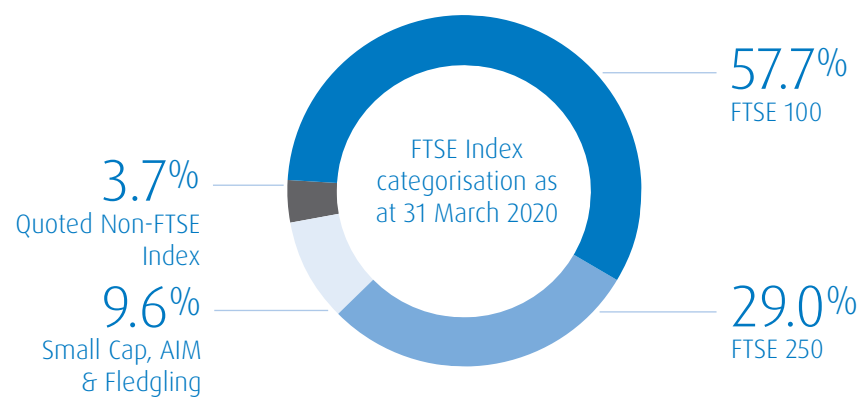
31-Mar 2020		30-Sep 2019		% of total investments	Value £'000s
1	3	GlaxoSmithKline (Health Care)	One of the world's leading pharmaceutical companies with valuable healthcare and vaccines businesses. There are no major patent expiries until 2027 which should help to support the current dividend.		
2	1	Diageo (Consumer Goods)	The largest producer of premium branded spirits in the world and also a major producer of beer. The strength of the brands and substantial exposure to faster growing markets should lead to attractive returns.	4.3	11,245
3	2	Unilever (Consumer Goods)	A leading manufacturer of branded fast moving consumer goods with more than half its sales in emerging markets which should experience faster long-term growth.	4.2	11,112
4	10	AstraZeneca (Health Care)	A major international pharmaceutical company. Despite a pipeline of new drugs that appeared unexciting in the short-term it is producing strong growth now with more potential further out.	3.6	9,522
5	4	Secure Income REIT (Financials)*	The highly successful Prestbury property management team has brought together a group of assets (hospitals, leisure parks and hotels) that are fundamental to the operations of those businesses. The current year will be a challenge to some of these, but they should see recovery in the longer-term.	3.5	9,309
6	6	Rio Tinto (Basic Materials)	One of the world's foremost mining companies. It has a diversified asset base, but its most significant interests are in low cost, high quality iron ore. It is our principal exposure to the mining sector.	3.5	9,294
7	17	OneSavings Bank (Financials)	This specialist challenger bank has been generating good returns and growing well at carefully controlled risk levels. These factors, together with the synergies arising from its merger with Charter Court Financial Services, should help it to come strongly through this crisis.	3.5	9,272
8	9	Phoenix (Financials)	A UK domestic life assurer actively taking part in consolidation of the sector. The operational and capital efficiencies and diversification benefits that come from increased scale underpin and drive an attractive dividend.	3.4	9,020
9	8	Intermediate Capital (Financials)	A specialist lender to private companies both on its own behalf and increasingly for third-party investors. It has been experiencing very strong demand for its funds and generating strong returns. We expect it to come through this crisis well with the potential to grow the business further and faster.	3.0	7,974
10	12	Legal and General (Financials)	A focus on generating a strong and growing cash flow allows this UK life assurer to pay an attractive and growing dividend. Concerns over its credit exposure and solvency appear overdone, just as they were during the Global Financial Crisis.	2.9	7,752

31-Mar 2020		30-Sep 2019		% of total investments	Value £'000s
11	19	Countryside Properties (Consumer Goods)	Its main strength is its specialisation in urban regeneration of public sector land. These are typically long-term contracts, less profitable than mainstream housebuilding, but with fewer risks. The industry is one of the first to try to return to some form of normal working.		
12	5	Beazley (Financials)	A specialist insurer with a diverse underwriting portfolio that has generated strong returns and growth. Its vulnerability to natural catastrophes is less than some other insurers as it has grown strongly in other areas.	2.6	6,728
13	13	Informa (Consumer Services)	A worldwide provider of information to a variety of end users (businesses, academics, individuals) across a range of sectors through a number of media (books and journals, internet, exhibitions and events). Its recent equity placing significantly strengthens its financial position.	2.5	6,621
14	18	Compass (Consumer Services)	Compass is the global leader in outsourced catering. Pre-crisis there had been a structural shift towards increased outsourcing leading to attractive rate of growth. Although this has inevitably been interrupted, Compass's ability to offer great value to clients should help it to recover.	2.4	6,315
15	7	Royal Dutch Shell (Oil & Gas)	A leading international oil exploration, production and marketing group. Formerly a mainstay of our portfolio and largest income producer, our investment has been greatly reduced as the whole industry has struggled to generate decent returns.	2.2	5,778
16	15	Prudential (Financials)	International life assurer that has been seeing rapid growth in the Far East, together with attractive returns from its operations in the UK and US. The business has long appeared to trade at a discount to the sum of its constituent parts and the process of realising this has begun.	2.2	5,676
17	11	Vistry (formerly Bovis Homes) (Consumer Goods)	The company had been making strong progress recovering from the problems experienced when it was Bovis Homes. Its merger with the home building division of Galliford Try will further strengthen and diversify the business. Its return to work is progressing well.	2.1	5,616
18	14	BP (Oil & Gas)	A leading international oil exploration, production and marketing group. Although BP has committed to maintaining its dividend, the industry background and weakness of the oil price conspire to make this unlikely. Our investment has been reduced in recent years.	2.1	5,495
19	21	Close Brothers (Financials)	An independent merchant bank providing customers with lending, deposit taking, wealth management and securities trading. It is run conservatively and has historically generated good returns, even through crises.	2.0	5,283
20	22	LondonMetric Property (Financials)	This Real Estate Investment Trust owns and manages a desirable and differentiated portfolio of properties. It has a particular focus on delivering reliable and growing income-led total returns.	2.0	5,265

The value of the twenty largest holdings represents 59.0% (30 September 2019: 57.2%) of the Company's total investments.

\* Quoted on the Alternative Investment Market in the UK.

## Portfolio Weightings



Source: BMO GAM

### Forward-looking statements

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.

## Condensed Income Statement

Notes	Half-year ended 31 March 2020 (Unaudited)			Half-year ended 31 March 2019 (Unaudited)			Year ended 30 September 2019 (Audited)		
	Revenue £'000s	Capital £'000s	Total* £'000s	Revenue £'000s	Capital £'000s	Total* £'000s	Revenue £'000s	Capital £'000s	Total* £'000s
5 (Losses)/gains on investments	-	(97,277)	(97,277)	-	(8,678)	(8,678)	-	3,878	3,878
Foreign exchange gains	-	-	-	-	8	8	1	5	6
2 Income	5,912	-	5,912	6,376	459	6,835	14,810	459	15,269
Management fee	(319)	(319)	(638)	(313)	(313)	(626)	(667)	(667)	(1,334)
Other expenses	(318)	(1)	(319)	(278)	(1)	(279)	(547)	(3)	(550)
<b>Net return before finance costs and taxation</b>	<b>5,275</b>	<b>(97,597)</b>	<b>(92,322)</b>	<b>5,785</b>	<b>(8,525)</b>	<b>(2,740)</b>	<b>13,597</b>	<b>3,672</b>	<b>17,269</b>
Finance costs	(51)	(51)	(102)	(94)	(94)	(188)	(164)	(164)	(328)
<b>Net return before taxation</b>	<b>5,224</b>	<b>(97,648)</b>	<b>(92,424)</b>	<b>5,691</b>	<b>(8,619)</b>	<b>(2,928)</b>	<b>13,433</b>	<b>3,508</b>	<b>16,941</b>
Taxation	-	-	-	(4)	-	(4)	(7)	-	(7)
<b>Net return attributable to Shareholders</b>	<b>5,224</b>	<b>(97,648)</b>	<b>(92,424)</b>	<b>5,687</b>	<b>(8,619)</b>	<b>(2,932)</b>	<b>13,426</b>	<b>3,508</b>	<b>16,934</b>
3 <b>Net return per share – pence</b>	<b>5.03</b>	<b>(93.99)</b>	<b>(88.96)</b>	<b>5.56</b>	<b>(8.43)</b>	<b>(2.87)</b>	<b>13.12</b>	<b>3.43</b>	<b>16.55</b>

\* The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.



## Condensed Statement of Changes in Equity

Notes	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total Shareholders' funds £'000s
<b>Half-year ended 31 March 2020 (Unaudited)</b>							
<b>Balance at 30 September 2019</b>	<b>25,696</b>	<b>130,197</b>	<b>4,146</b>	<b>4,434</b>	<b>158,561</b>	<b>15,115</b>	<b>338,149</b>
<b>Movements during the half-year ended 31 March 2020:</b>							
4 Dividends paid	-	-	-	-	-	(6,600)	(6,600)
9 Ordinary shares issued	316	3,802	-	-	-	-	4,118
Net return attributable to equity Shareholders	-	-	-	-	(97,648)	5,224	(92,424)
<b>Balance at 31 March 2020</b>	<b>26,012</b>	<b>133,999</b>	<b>4,146</b>	<b>4,434</b>	<b>60,913</b>	<b>13,739</b>	<b>243,243</b>
<b>Half-year ended 31 March 2019 (Unaudited)</b>							
<b>Balance at 30 September 2018</b>	25,265	125,380	4,146	4,434	155,053	13,194	327,472
<b>Movements during the half-year ended 31 March 2019:</b>							
4 Dividends paid	-	-	-	-	-	(6,272)	(6,272)
Ordinary shares issued	350	3,820	-	-	-	-	4,170
Net return attributable to Shareholders	-	-	-	-	(8,619)	5,687	(2,932)
<b>Balance at 31 March 2019</b>	<b>25,615</b>	<b>129,200</b>	<b>4,146</b>	<b>4,434</b>	<b>146,434</b>	<b>12,609</b>	<b>322,438</b>
<b>Year ended 30 September 2019 (Audited)</b>							
<b>Balance at 30 September 2018</b>	25,265	125,380	4,146	4,434	155,053	13,194	327,472
<b>Movements during the year ended 30 September 2019:</b>							
4 Dividends paid	-	-	-	-	-	(11,505)	(11,505)
Ordinary shares issued	431	4,817	-	-	-	-	5,248
Net return attributable to Shareholders	-	-	-	-	3,508	13,426	16,934
<b>Balance at 30 September 2019</b>	<b>25,696</b>	<b>130,197</b>	<b>4,146</b>	<b>4,434</b>	<b>158,561</b>	<b>15,115</b>	<b>338,149</b>

## Condensed Balance Sheet

Notes	31 March 2020 (Unaudited) £'000s	31 March 2019 (Unaudited) £'000s	30 September 2019 (Audited) £'000s	
<b>Fixed assets</b>				
5	Investments	263,473	329,917	343,066
<b>Current assets</b>				
6	Debtors	2,016	4,360	1,275
	Cash and cash equivalents	-	9,790	4,229
	<b>Total current assets</b>	<b>2,016</b>	<b>14,150</b>	<b>5,504</b>
<b>Current liabilities</b>				
7	Creditors: amounts falling due within one year	(325)	(1,530)	(421)
	Bank overdraft	(1,921)	(99)	-
8	Loan	(20,000)	(20,000)	(10,000)
	<b>Total current liabilities</b>	<b>(22,246)</b>	<b>(21,629)</b>	<b>(10,421)</b>
	<b>Total current assets less liabilities</b>	<b>(20,230)</b>	<b>(7,479)</b>	<b>(4,917)</b>
	<b>Net assets</b>	<b>243,243</b>	<b>322,438</b>	<b>338,149</b>
<b>Capital and reserves</b>				
9	Share capital	26,012	25,615	25,696
	Share premium account	133,999	129,200	130,197
	Capital redemption reserve	4,146	4,146	4,146
	Special reserve	4,434	4,434	4,434
	Capital reserves	60,913	146,434	158,561
	Revenue reserve	13,739	12,609	15,115
	<b>Total Shareholders' funds</b>	<b>243,243</b>	<b>322,438</b>	<b>338,149</b>
10	<b>Net Asset Value per ordinary share - pence</b>	<b>233.78</b>	314.70	328.99

## Condensed Statement of Cash Flows

Notes	Half-year ended 31 March 2020 (Unaudited) £'000s	Half-year ended 31 March 2019 (Unaudited) £'000s	Year ended 30 September 2019 (Audited) £'000s	
11	<b>Cash flows from operating activities before dividends received and interest paid</b>	<b>(1,077)</b>	(472)	(1,355)
	Dividends received	5,148	5,222	15,125
	Interest paid	(101)	(189)	(332)
	<b>Cash flows from operating activities</b>	<b>3,970</b>	4,561	13,438
<b>Investing activities</b>				
	Purchase of investments	(35,290)	(22,502)	(35,033)
	Sale of investments	17,653	24,481	36,832
	Other capital charges	(1)	(1)	(3)
	<b>Cash flows from investing activities</b>	<b>(17,638)</b>	1,978	1,796
	<b>Cash flows before financing activities</b>	<b>(13,668)</b>	6,539	15,234
<b>Financing activities</b>				
4	Equity dividends paid	(6,600)	(6,272)	(11,505)
9	Net proceeds from issuance of new shares	4,118	4,170	5,248
8, 12	Drawdown / (repayment) of loan	10,000	-	(10,000)
	<b>Cash flows from financing activities</b>	<b>7,518</b>	(2,102)	(16,257)
	Net movement in cash and cash equivalents	(6,150)	4,437	(1,023)
	Cash and cash equivalents at the beginning of the period	4,229	5,246	5,246
	Effect of movement in foreign exchange	-	8	6
	<b>Cash and cash equivalents at the end of the period</b>	<b>(1,921)</b>	9,691	4,229
<b>Represented by:</b>				
	Cash at bank	-	-	399
	Short term deposits	-	9,790	3,830
	Bank overdraft	(1,921)	(99)	-
		<b>(1,921)</b>	9,691	4,229

## Notes to the Condensed Accounts

### 1. Basis of preparation

These condensed financial statements, which are unaudited, have been prepared on a going concern basis in accordance with the Companies Act 2006, FRS 102, Interim Financial Reporting (FRS104) and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the AIC in October 2019.

The accounting policies applied in the condensed set of financial statements are set out in the Company's Annual Report for the year ended 30 September 2019.

### 2. Income

	Half-year ended 31 March 2020 £'000s	Half-year ended 31 March 2019 £'000s	Year ended 30 September 2019 £'000s
Income from investments:			
UK dividend income	5,078	5,843	13,426
UK dividend income - special dividends <sup>(1)</sup>	33	112	561
Overseas dividend income	-	48	96
Property income distributions	373	361	689
SCRIP Dividend Income	418	-	-
	<b>5,902</b>	6,364	14,772
Other income:			
Interest on cash and cash equivalents	10	12	36
Income Tax recovered previously expensed	-	-	2
	<b>5,912</b>	6,376	14,810

<sup>(1)</sup> Special dividends are classified as either revenue or capital in nature in accordance with note 2(c)(xiii) "Use of judgements, estimates and assumptions" of the Annual Report & Accounts. No special dividends (31 March 2019: £459,000; 30 September 2019: £459,000) have been recognised in capital.

### 3. Net return per ordinary share

Return per ordinary share attributable to Shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Half-year ended 31 March 2020 £'000s	Half-year ended 31 March 2019 £'000s	Year ended 30 September 2019 £'000s
Revenue return	5,224	5,687	13,426
Capital return	(97,648)	(8,619)	3,508
<b>Total return</b>	<b>(92,424)</b>	(2,932)	16,934
	Number	Number	Number
Weighted average ordinary shares in issue	103,899,595	102,220,021	102,301,049
<b>Total return per share - pence</b>	<b>(88.96)</b>	(2.87)	16.55

### 4. Dividends

	Half-year ended 31 March 2020 £'000s	Half-year ended 31 March 2019 £'000s	Year ended 30 September 2019 £'000s
Dividends paid on ordinary shares			
Fourth of four interims for the year ended 30 September 2018 of 3.60p per share	-	3,659	3,659
First of four interims for the year ended 30 September 2019 of 2.55p per share	-	2,613	2,613
Second of four interims for the year ended 30 September 2019 of 2.55p per share	-	-	2,613
Third of four interims for the year ended 30 September 2019 of 2.55p per share	-	-	2,620
Fourth of four interims for the year ended 30 September 2019 of 3.75p per share	3,854	-	-
First of four interims for the year ended 30 September 2020 of 2.65p per share	2,746	-	-
	<b>6,600</b>	6,272	11,505

The second interim dividend of 2.55 pence per share in respect of the year ending 30 September 2020, will be paid on 30 June 2020 to all Shareholders on the register at close of business on 12 June 2020. The total cost of this dividend, based on 105,809,268 shares in issue and entitled to the dividend on 28 May 2020, is £2,698,000.

## 5. Investments

	Level 1* £'000s	Level 3* £'000s	Total £'000s
Cost at 30 September 2019	234,958	1,795	236,753
Gains/(losses) at 30 September 2019	108,108	(1,795)	106,313
Fair value of investments at 30 September 2019	343,066	-	343,066
Purchases at cost	35,290	-	35,290
Sales proceeds	(17,606)	-	(17,606)
Losses on investments sold in period	(4,555)	-	(4,555)
Losses on investments held at period end	(92,722)	-	(92,722)
Fair value of investments at 31 March 2020	<b>263,473</b>	-	<b>263,473</b>
Cost at 31 March 2020	248,087	1,795	249,882
Gains/(losses) at 31 March 2020	15,386	(1,795)	13,591
Fair value of investments at 31 March 2020	<b>263,473</b>	-	<b>263,473</b>

	Total £'000s
<b>Losses on investments held at fair value</b>	
Losses on investments sold during the period	(4,555)
Losses on investments held at period end	(92,722)
<b>Total losses on investments</b>	<b>(97,277)</b>

\* The hierarchy of investments is described in note 2(c)(i) of the Annual Report and Accounts.  
Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.  
Level 3 includes any unquoted investments.

Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gains or losses was included in the fair value of the investments.

## 6. Debtors

	31 March 2020 £'000s	31 March 2019 £'000s	30 September 2019 £'000s
Accrued income	<b>1,918</b>	2,661	1,164
Investments sold awaiting settlement	-	1,621	47
Prepayments	<b>21</b>	16	16
Income tax recoverable	<b>8</b>	-	6
Overseas taxation recoverable	<b>69</b>	62	42
	<b>2,016</b>	4,360	1,275

## 7. Creditors: amounts falling due within one year

	31 March 2020 £'000s	31 March 2019 £'000s	30 September 2019 £'000s
Management fee	<b>263</b>	318	341
Investments purchased awaiting settlement	-	1,161	-
Loan interest	<b>1</b>	3	-
Accruals	<b>61</b>	48	80
	<b>325</b>	1,530	421

## 8. Loans

In March 2018 the Company entered in to a £30 million multi-currency revolving loan facility with ScotiaBank expiring March 2021 and subject to compliance with the loan covenants which have all been met during the period. The amount utilised and the interest rate thereon are set on a short-term basis. Interest rates and commitment fees payable on non-utilised amounts are based on the commercial terms agreed with ScotiaBank.

At the period end the amount of the loan drawn down was £20 million (31 March 2019: £20 million; 30 September 2019: £10 million).

## 9. Share capital

	Issued and fully paid Number	£'000s
Equity share capital		
Ordinary shares of 25p each		
Balance at 30 September 2019	102,784,268	25,696
Ordinary shares issued	1,265,000	316
Balance at 31 March 2020	104,049,268	26,012

In the half-year ended 31 March 2020, 1,265,000 ordinary shares were issued for net proceeds of £4,118,000. Since 31 March 2020 a further 1,760,000 ordinary shares have been issued for total proceeds of £4,096,000.

## 10. Net Asset Value per ordinary share

	31 March 2020	31 March 2019	30 September 2019
Net Asset Value per share – pence	<b>233.78</b>	314.70	328.99
Net assets attributable at the period end – (£'000s)	<b>243,243</b>	322,438	338,149
Number of ordinary shares in issue at the period end	<b>104,049,268</b>	102,459,268	102,784,268

## 11. Reconciliation of net return before taxation to net cash flows from operating activities

	Half-year ended 31 March 2020 £'000s	Half-year ended 31 March 2019 £'000s	Year ended 30 September 2019 £'000s
Net return on ordinary activities before taxation	(92,424)	(2,928)	16,941
Adjustments for non-cash flow items, dividend income and interest expense:			
Losses/(gains) on investments	97,277	8,678	(3,878)
Foreign exchange gains	-	(8)	(6)
Non-operating expenses of a capital nature	1	1	3
Dividend income receivable	(5,902)	(6,364)	(14,772)
Interest payable	102	189	328
Increase in other debtors	(34)	(20)	(6)
(Decrease)/increase in other creditors	(97)	(20)	35
	91,347	2,456	(18,296)
Net cash flow from operating activities (before dividends received and interest paid)	(1,077)	(472)	(1,355)

## 12. Analysis of changes in net debt

	Cash/(overdraft) £'000s	Bank loan £'000s	Total £'000s
Opening net cash/(debt) at 30 September 2019	4,229	(10,000)	(5,771)
Cash-flows:			
Drawdown of bank loan	-	(10,000)	(10,000)
Net movement in cash and cash equivalents	(6,150)	-	(6,150)
Closing net debt at 31 March 2020	(1,921)	(20,000)	(21,921)

## 13. Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, strategy and policy, the current cash position of the Company, the availability of the loan facility and compliance with its covenants and the operational resilience of the Company and its service providers.

At present the global economy is suffering considerable disruption due to the effects of the Coronavirus pandemic and the Directors have given serious consideration to the consequences for this Company. The Company has a number of banking covenants and at present the Company's financial position does not suggest that any of these are close to being breached.

The primary risk is that there is a very substantial decrease in the Net Asset Value of the Company in the short to medium term. The Directors have considered the remedial measures that are open to the Company if such a covenant breach appears possible. As at 28 May 2020, the last practicable date before publication of this report, borrowings amounted to £20 million. This is in comparison to a Net Asset Value of £278.4 million. In accordance with its investment policy the Company is mainly invested in readily realisable, FTSE All-Share listed securities.

The Company operates within a robust regulatory environment. The Company retains title to all assets held by the Custodian. Cash is held with banks approved and regularly reviewed by the Manager and the Board. The Directors have noted that home working arrangements have been implemented at the Manager and many of the Company's key suppliers without any noticeable impact upon service delivery and operations.

Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

## 14. Results

The results for the half-year ended 31 March 2020 and 31 March 2019, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2019; the report of the Independent Auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown on prior pages for the year ended 30 September 2019 are an extract from those accounts.

By order of the Board  
BMO Investment Business Limited, Secretary  
Exchange House  
Primrose Street  
London EC2A 2NY  
29 May 2020

## Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;

- the Directors' Statement of Principal Risks and Uncertainties shown on page 7 is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board  
Jonathan Cartwright  
Chairman  
29 May 2020

## How to Invest

One of the most convenient ways to invest in BMO Capital and Income Investment Trust PLC is through one of the savings plans run by BMO.

### BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

### BMO Junior ISA ("JISA")\*

You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

### BMO Child Trust Fund ("CTF")\*

If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

### BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

### BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

### Charges

Annual management charges and other charges apply according to the type of plan.

### Annual account charge

ISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

### Dealing charges

ISA: 0.2%

GIA/JIA/JISA: postal instructions £12, online instruction £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change.

Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

### How to Invest

To open a new BMO plan, apply online at [bmogam.com/apply](https://www.bmogam.com/apply)

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

#### New Customers:

Call: **0800 136 420\*\***  
(8:30am – 5:30pm, weekdays)  
Email: [info@bmogam.com](mailto:info@bmogam.com)

#### Existing Plan Holders:

Call: **0345 600 3030\*\***  
(9:00am – 5:00pm, weekdays)  
Email: [investor.enquiries@bmogam.com](mailto:investor.enquiries@bmogam.com)  
By post: BMO Administration Centre  
PO Box 11114  
Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

#### Notes

\*The CTF and JISA accounts are opened in the child's name and they can have access to the account at age 18.

\*\*Calls may be recorded or monitored for training and quality purposes.



#### BMO Asset Management Limited

0345 600 3030, 9.00am - 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510\_G19-1804\_L56\_04/20\_UK

## Information for Shareholders

### Net Asset Value and share price

The Company's Net Asset Value per share is released daily, on the working day following the calculation date, to the London Stock Exchange. The current share price of BMO Capital and Income Investment Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers, usually under "BMO Capital and Income".

### Performance information

Information on the Company's performance is provided in the half-yearly and final reports which are sent to Shareholders in June and December respectively. More up-to-date performance information is available on the Internet at [bmocalandincome.com](https://www.bmocalandincome.com). This website also provides a monthly update on the Company's geographic spread and largest holdings, along with comments from the Fund Manager.

### UK capital gains tax ("CGT")

An approved investment trust does not pay tax on capital gains. Most UK resident individuals may realise net capital gains of up to £12,300 in the tax year ended 5 April 2021 without incurring any tax liability.

A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£37,500 in 2020-21 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

### Income tax

The second interim dividend of 2.55 pence per share is payable on 30 June 2020. From April 2020

the annual tax-free allowance to UK residents on dividend income received in their entire share portfolios is £2,000. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers).

### AIC

BMO Capital and Income Investment Trust PLC is a member of the AIC, which publishes a monthly statistical information service in respect of member companies. The publication also has details of ISA and other investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website: [theaic.co.uk](https://theaic.co.uk)

### Electronic communications

Computershare provides a service to enable Shareholders to receive Shareholder correspondence electronically (including annual and half yearly financial reports) if they wish. If a Shareholder opts to receive documents in this way, paper documents will only be available on request. Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the Company's website where the documents can be viewed or printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at [investorcentre.co.uk](https://investorcentre.co.uk) (you will need your Shareholder reference number which can be found on your share certificate or dividend confirmation).

### Common reporting standards

Tax legislation requires investment fund companies to provide information annually to

the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment trusts. All new Shareholders, excluding those whose shares are held in CREST, who are entered onto the share register are sent a certification form for the purpose of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders [gov.uk/government/publications/exchange-of-information-account-holders](https://www.gov.uk/government/publications/exchange-of-information-account-holders).

#### Availability of report and accounts

The Company's report and accounts are available on the Internet at [bmocapitalandincome.com](https://www.bmocapitalandincome.com). Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0345 600 3030<sup>\*\*</sup>.

#### Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from [fca.org.uk](https://www.fca.org.uk) to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ("FCA") on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at [fca.org.uk/scams](https://www.fca.org.uk/scams)
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at [fca.org.uk/scams](https://www.fca.org.uk/scams) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

<sup>\*\*</sup> Calls may be recorded or monitored for training and quality purposes.