

Fund manager
Dominic Younger



Morningstar rating†



Manager Commentary

UK equities continued their strong start to the year in February, with the FTSE All-Share index returning 6.5%, while the FTSE 100 hit further record highs during the month. Equities were boosted by generally better-than-expected corporate earnings and signs of falling inflation. The UK market was also helped by a continued rotation from mega-cap US tech stocks amid ongoing worries about excessive capital spending on AI.

After a year of prolonged underperformance from the S&P 500, investor flows are beginning to accelerate into other global equity markets, signalling the early stages of what could become a multi-year shift in asset allocation. At the same time, there are encouraging signs that the long-term structural selling of UK equities by major asset allocators is fading. The UK is becoming a more attractive place to invest. While concerns around government debt and inflation persist, robust corporate earnings and large-cap focused demand have supported returns. This performance underscores why UK equities deserve a place in a well-diversified portfolio.

Meanwhile, the Bank of England left rates unchanged, as anticipated, at its February meeting. The vote was surprisingly close, raising expectations that policymakers were minded to maintain a path of gradually easing financial conditions. Data largely supported this stance: annual inflation in January eased in line with expectations, while the December unemployment rate ticked up to its highest three-month level since early 2021. GDP growth in the fourth quarter (Q4) of 2025 was subdued.

By sector, healthcare led the FTSE All-Share, boosted by strong results and upbeat guidance from major names. Utilities, materials and energy also comfortably outperformed the index. At the other end, technology and communication services were weakest amid concerns that new AI tools could threaten the business models of software and analytics companies. Financials also underperformed, dragged lower by weakness in banking stocks.

The Trust's net asset value rose by 5.9% in February, slightly lagging the FTSE All-Share's return of 6.5%.

The Trust benefited from its high conviction holding in GSK (up 18%). The pharmaceutical company's Q4 results beat estimates, while full-year revenue and earnings for 2025 increased year-on-year, driven by strength in the speciality medicines and oncology segments. In addition, management signalled that it anticipates continued growth in 2026, helped by expectations of an accelerated development pipeline and two major product approvals over the year.

Our underweight in banks was also relatively helpful, as these stocks declined amid concerns that UK interest-rate cuts could pressure banks' net interest income alongside concerns about credit risk in the international banking sector.

Key detractors at the stock level included the holdings in Burford Capital (which was down by 10%) and Johnson Matthey (-15%).

Johnson Matthey's shares fell as the speciality chemicals company agreed to accept a lower price for the sale of its catalyst technologies business to US industrials group Honeywell. Previously announced as a £1.8 billion deal, with £1.4 billion to be returned to shareholders, the new agreement values the business at £1.325 billion, with £1 billion earmarked for investor returns. Despite this setback, the value crystallised from its disposal still represents compelling value, adjusting for end-market developments. Meanwhile the remaining business continues to trade an undemanding multiple of its annual free-cashflow generation.

The Trust's relative performance was also negatively impacted by having less exposure than the benchmark to AstraZeneca, although it benefitted in absolute terms as the shares rallied (15%). The pharmaceutical company reported solid growth in revenue and earnings over 2025. Additionally, management raised the dividend and forecast continued profit growth in 2026, citing strong demand for cancer drugs and new product launches.

Activity was fairly modest in February. We recycled our longstanding successful investment in contract caterer Compass in order to continue to build our exposure in key contrarian positions, including beverages firm Diageo, media company WPP and speciality chemicals firm Croda. This activity also served to enhance the overall income-generating credentials of the portfolio. We also exited a stub holding in The Magnum Ice Cream Company, which we had received in December 2025 following the company's demerger from Unilever.

Recent headlines have been dominated by the conflict in Iran and the resulting implications on the UK's growth and inflation. While this episode is driving near-term volatility, it's worth emphasizing the shock-absorbing qualities of the UK market versus peers, with its defensive cohort, inflation-hedging hard commodities, and profusion of hard assets, which have historically stood it in reasonable stead during such bouts of global risk aversion.

Our focus will remain resolutely on long-term ownership and quality stewardship. As patient, conviction investors, we will continue to avoid whipsaw short-term trades and concentrate on company fundamentals to target strong risk-adjusted returns for the Trust.

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 28.02.2026

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.

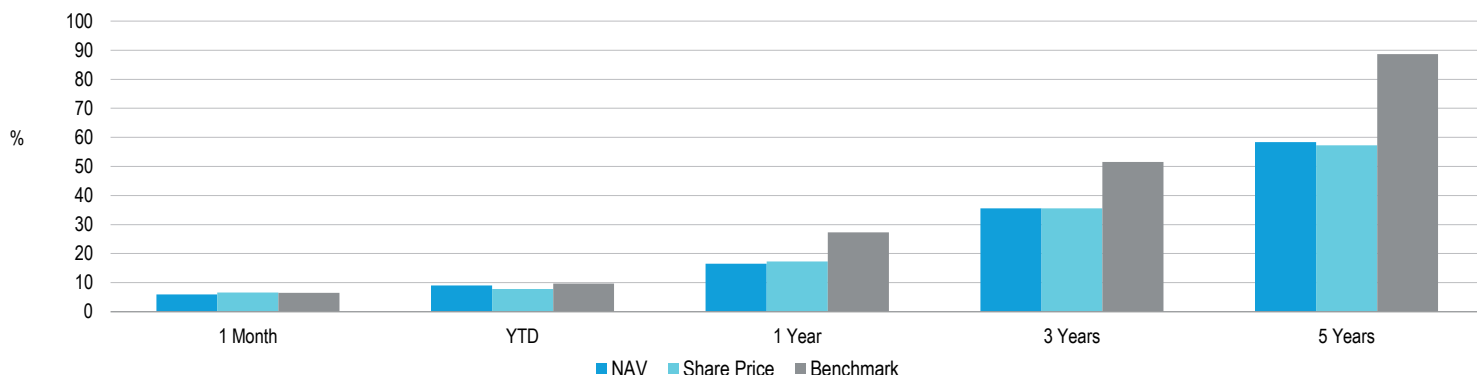
• Investor demand remains robust and the Company's shares continue to trade close to the underlying Net Asset Value.

See page 4 for more information on dividend growth

Benchmark:	FTSE All-Share Index
Fund type:	Investment Trust
Launch date:	1992
Total assets:	£386 million
Share price:	372.00p
NAV:	386.70p
Discount/premium(-/+):	-3.80%
Dividend payment dates:	Mar, Jun, Sep, Dec
Net dividend yield†:	3.49%
Net gearing/Net cash*:	4.47%
Management fee rate**:	0.40%
Performance fee:	None
Ongoing charges**:	0.66%
Year end:	30 September
Sector:	UK Equity Income
Currency:	Sterling
Website:	ctcapitalandincome.co.uk

**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 28.02.26



Cumulative performance as at 28.02.26 (%)

	1 Month	YTD	1 Year	3 Years	5 Years
NAV	5.91	8.99	16.55	35.57	58.31
Share price	6.59	7.83	17.24	35.58	57.24
Benchmark	6.47	9.74	27.31	51.56	88.69

Discrete annual performance as at 28.02.26 (%)

	2026/25	2025/24	2024/23	2023/22	2022/21
NAV	16.55	11.53	4.29	4.35	11.91
Share price	17.24	12.80	2.52	3.72	11.82
Benchmark	27.31	18.37	0.57	7.30	16.03

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.

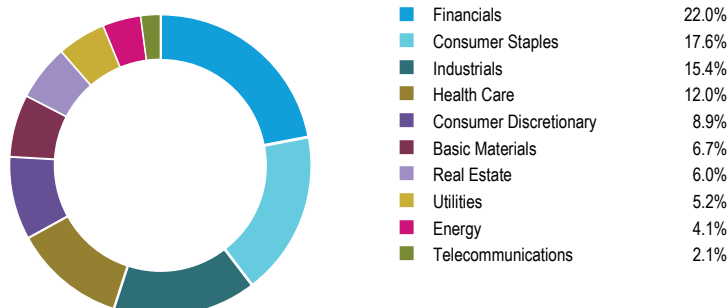
Trust codes

Stock exchange code:	CTUK
Sedol:	346328
Legal Entity Identifier:	21380052ETTRKV2A6Y19

Top 10 holdings (%)

	Portfolio Weight	Benchmark Weight	Difference	Sector
GSK	5.5	2.9	2.6	Health Care
Unilever	4.9	3.9	1.0	Consumer Staples
AstraZeneca	4.3	7.8	-3.5	Health Care
Shell	4.1	5.9	-1.8	Energy
Rio Tinto	3.8	2.5	1.3	Basic Materials
Imperial Brands	3.6	0.8	2.8	Consumer Staples
Standard Chartered	3.3	1.1	2.2	Financials
LondonMetric Property	3.0	0.2	2.8	Real Estate
OSB Group	3.0	0.1	2.9	Financials
Aviva	2.7	0.7	2.0	Financials

Sector breakdown (%)



Net Dividend distributions pence per share

	2020	2021	2022	2023	2024	2025
March	2.65	2.65	2.65	2.75	2.85	2.95
June	2.55	2.60	2.65	2.75	2.85	2.95
September	2.55	2.60	2.65	2.75	2.85	2.95
December	3.75	3.75	3.85	3.90	3.95	4.15
Total	11.50	11.60	11.80	12.15	12.50	13.00

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.



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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 or electronically at 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).

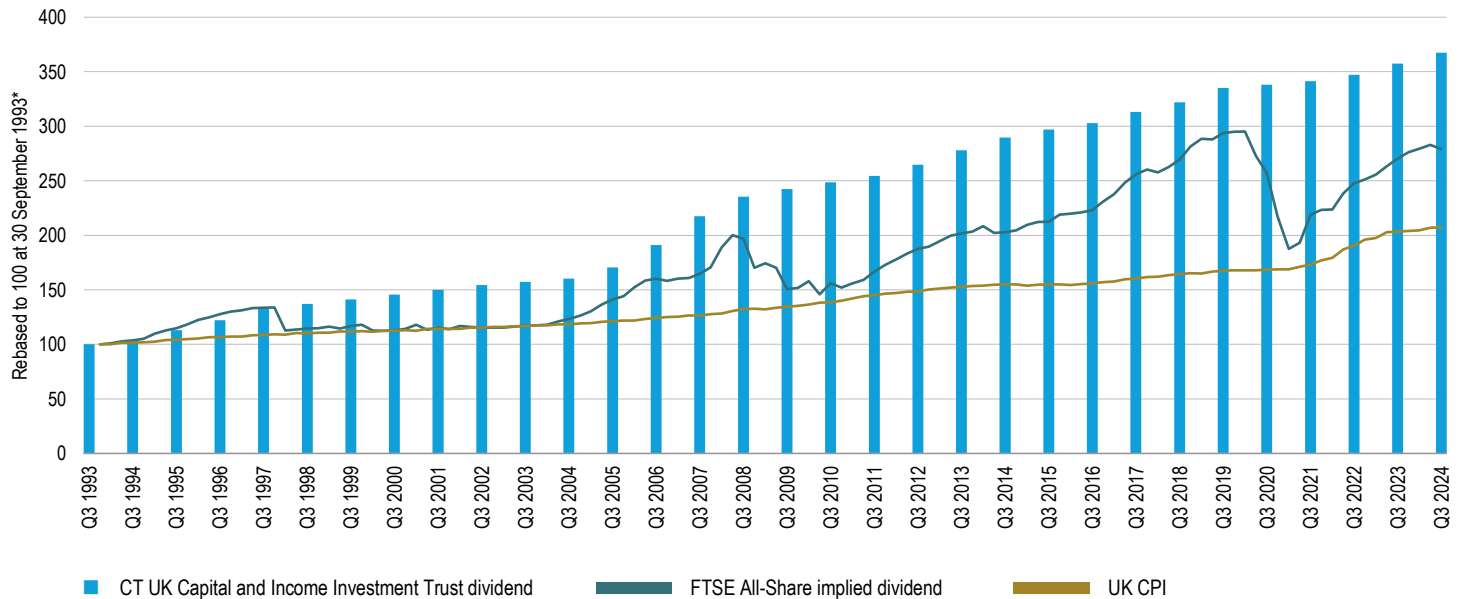
Maintaining a diversified portfolio helps reduce risk and improves reliability. The fund manager has the flexibility to invest internationally to help secure superior dividends at the right price. The fund manager's approach allows the Trust to achieve long-term growth in both income and capital.

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.

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 Columbia Threadneedle Investments Capital and Income's first year, to allow direct comparison.