



Value & Income Trust AGM Presentation

Patrick Harrington

OLIM Investment Management

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Agenda

- Year to 31/3/19 review
- Performance highlights
- Top 10 stocks
- Dividend outlook
- Market outlook

Market Review – FTSE All Share Index (capital Return)



Source: Bloomberg, data to 30/6/19

Market Review – World Markets

Capital Only – 31/3/18 – 31/3/19	Local Currency	GBP
UK - FTSE All Share Index	2.2%	2.2%
FTSE World Index (\$)	0.6%	8.2%
USA – S&P 500 (\$)	7.3%	15.4%
Germany – Dax (Euro)	-4.7%	2.4%
France – CAC 40 (Euro)	3.5%	11.3%
Japan – Nikkei (Yen)	-1.2%	6.3%
FTSE Emerging Markets Index	-8.1%	-1.2%

Source: Bloomberg

Market Review – World Markets

	31/3/18	31/3/19
GBP/USD	1.40	1.30
GBP/EUR	1.14	1.16
10 Yr Gilt yield	1.4%	1.0%
20 Yr Gilt Yield	1.7%	1.5%
US 10 Yr Yield	2.7%	2.4%
Oil Price (\$)	\$70.27	\$68.39

Source: Bloomberg

Economics Review

Two distinct periods – 9 mths to 31/12/18 and thereafter

First period – global

- Tightening monetary conditions

- China/USA trade war rhetoric deteriorates

- Economic growth expectations fall

First period - UK

- Growth reasonable driven by high levels of job creation

- Continuing fiscal & monetary squeeze

- Brexit

Economics Review

Two distinct periods – 9 mths to 31/12/18 and thereafter

Second period – global

US Federal Reserves halts tightening, now moving towards easing
China/USA trade war rhetoric still a concern
Iran

Second period - UK

Bank of England has stopped raising rates – inflation at target
Growth still OK but slowing
Continuing fiscal squeeze, Brexit

Performance Review

VIT Equity Portfolio Total Return	+5.5%
FTSE All Share Index Total Return	+6.4%

Stock selection positive, asset allocation between sectors negative

Sectors

Positives: U/W Banks, Tobacco

Negatives: U/W Mining, Oil & Gas, O/W Life Assurance

Stocks

Positives: Cineworld, Legal & General, Go-Ahead, Croda International

Negatives: Restaurant Group, Babcock, Beazley, N Brown

Source: Bloomberg

Portfolio Changes

Purchases: £21m

Sales: £22m

Complete Sales:

Halma, British Land, N Brown, Wood Group, Daily Mail & General

Principal Reductions: Beazley, Informa, Unilever, Cineworld

New Holdings:

Phoenix Group, DS Smith, Devro, Lloyds Banking Group, ITV

Additions:

Marston's, Restaurant Group

Top 10 Stocks

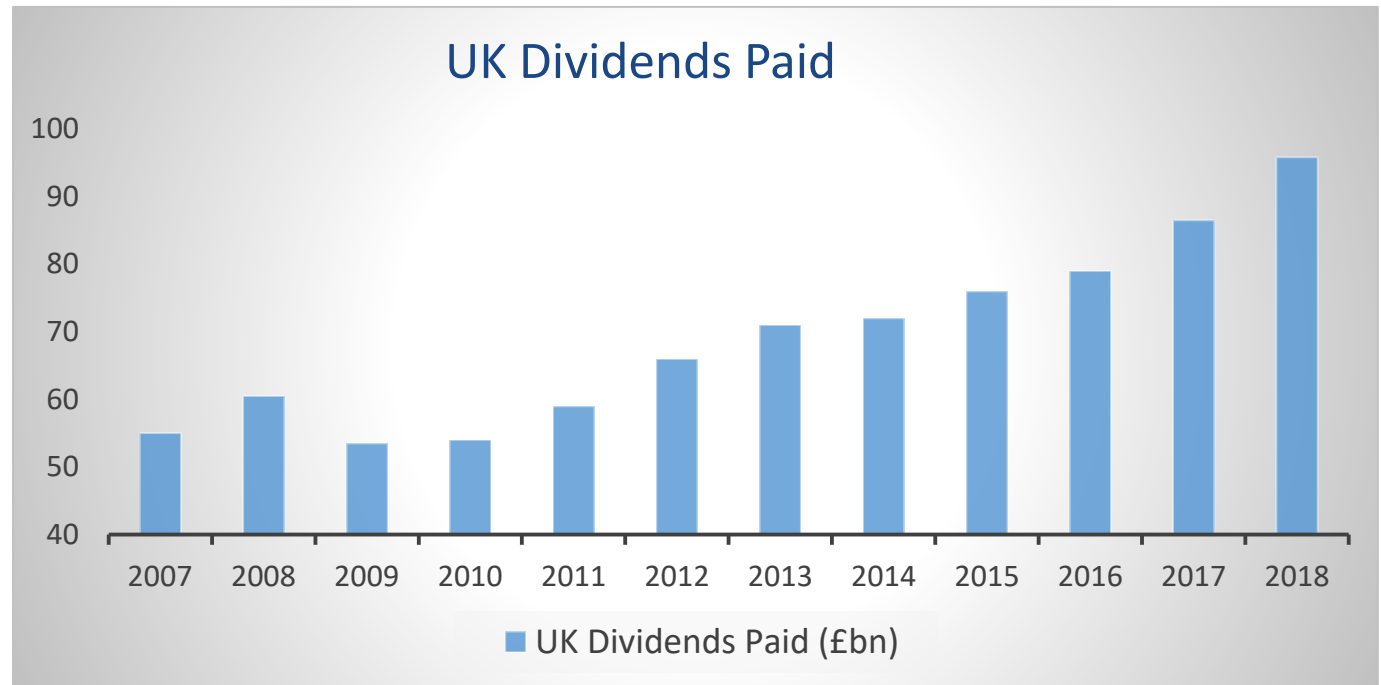
Stock	% of Equity Portfolio*	Forecast Dividend Yield**	Forecast Dividend Growth
Unilever	6.0	3.3%	6.9%
Beazley	5.6	2.2%	5.1%
BP	5.4	5.9%	2.5%
GlaxoSmithKline	4.8	5.0%	0.0%
Croda	4.8	1.8%	8.0%
Royal Dutch Shell	4.2	5.5%	0.0%
HSBC	3.8	6.2%	0.0%
Spectris	3.8	2.3%	8.0%
Legal & General	3.7	6.6%	7.2%
Cineworld	3.2	5.5%	16.5%

• As at 31/3/19, ** As at 26/6/19
Source: OLIM

Outlook

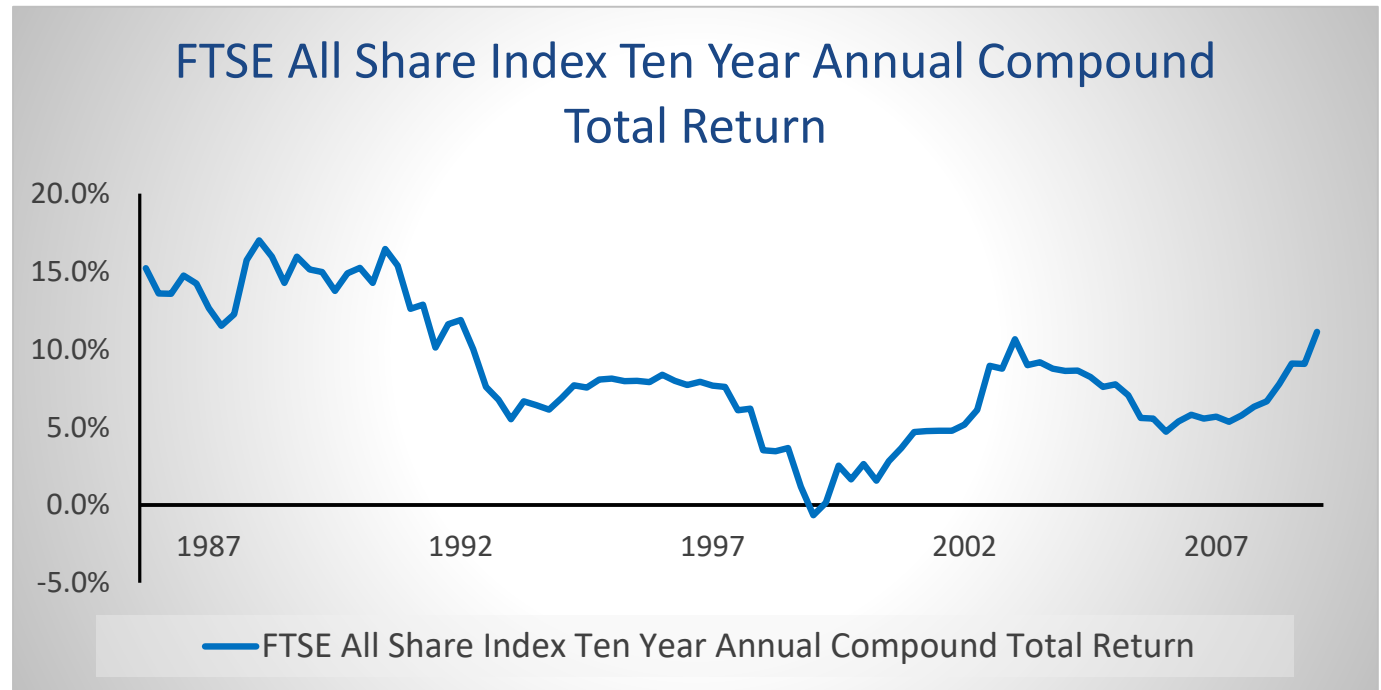
- Economic growth slowing
- UK reasonably robust, Brexit notwithstanding
- £ should act as a safety valve in the event of a difficult Brexit
- Real dividend growth expected
- UK shares have lagged world markets
- Significant income opportunity in UK equities

Outlook



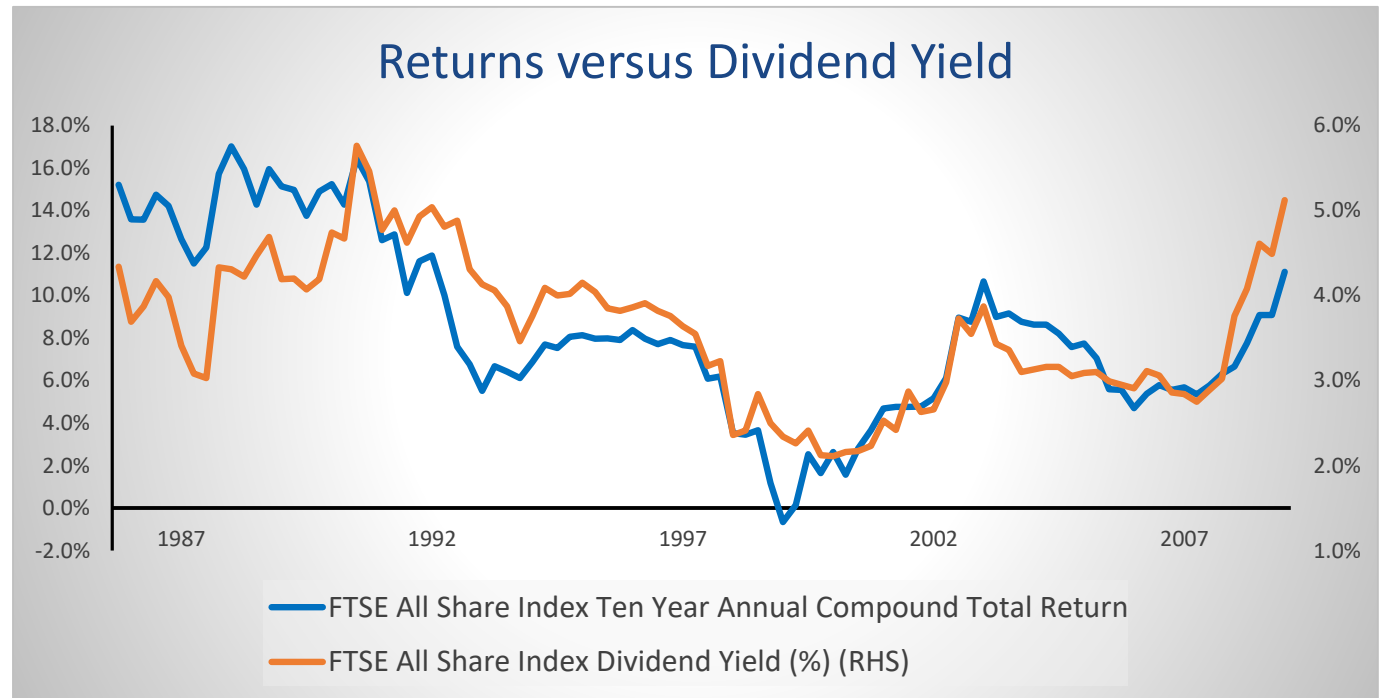
Source: Capita UK Dividend Monitor

Outlook



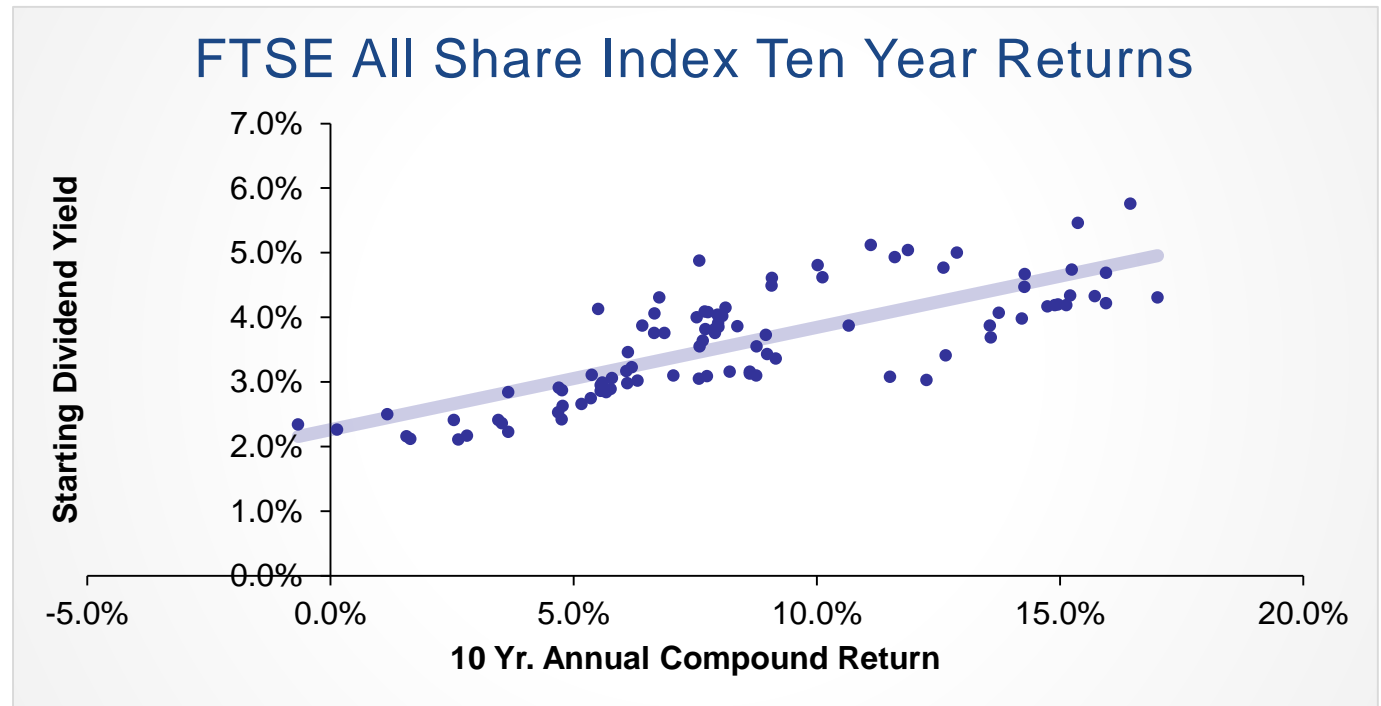
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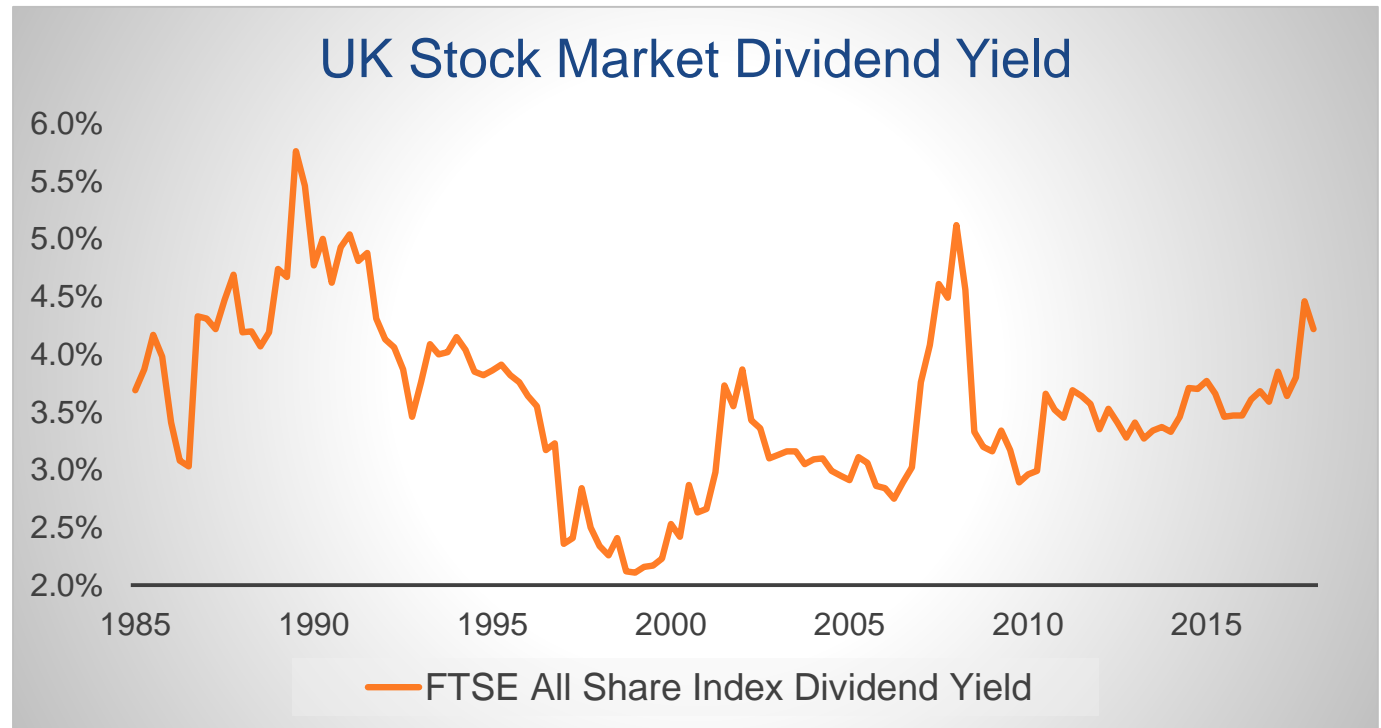
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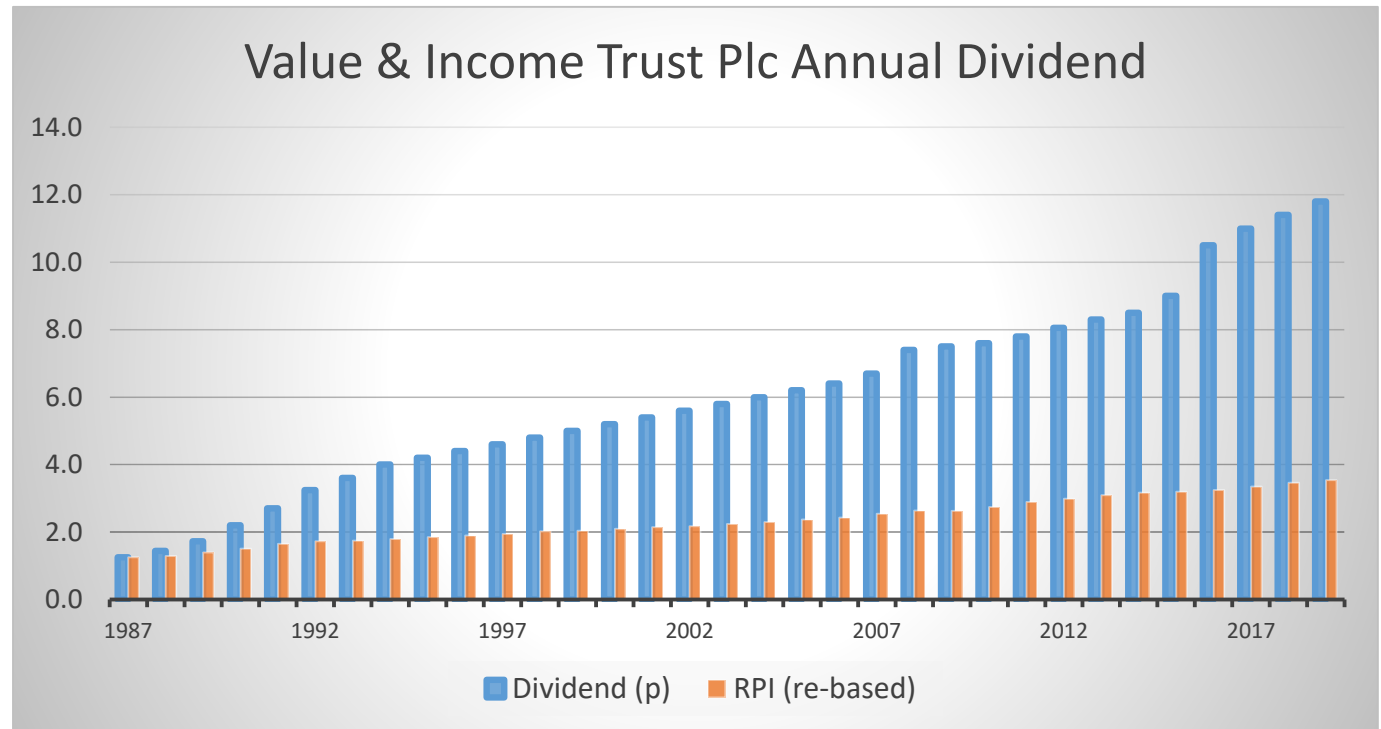
Source: Bloomberg

Outlook



Source: Bloomberg

Outlook



Source: BNP Paribas

Outlook

Value & Income Trust income opportunity:

- Modest real underlying dividend growth
- Portfolio recycling
- Brexit inspired sterling weakness
- Property rental growth
- Refinancing of 11% 2021 debenture

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Data

All data is for periods ending 31 March 2019 unless otherwise stated.

Contact

Patrick Harrington, OLIM Ltd, 1 Benjamin Street London EC1M 5QL

(0)20 7367 5660

patrick.harrington@olim.co.uk

www.olim.co.uk