

# The City of London Investment Trust

April 2021

For promotional purposes

## Fund Managers Names

Job Curtis

## Monthly commentary

The UK equity market performed well during April producing a total return of 4.3%, as measured by the FTSE All Share Index. Medium-sized companies slightly outperformed with a total return of 4.9% for the FTSE 250 Mid Cap Index compared with a 4.1% total return for the FTSE 100 Index of the largest companies. In general, stocks were helped by the success of the vaccination programme leading to the reopening of the economy.

Against this background, cyclical stocks, which are more exposed to the growth rate of the economy, led the market. From City of London's portfolio, DIY retailer, Kingfisher, and IMI, the industrial engineer, were notable outperformers. On the other hand, more defensive companies, which had held up better during the early stages of the pandemic, were relative underperformers, including Tesco and British American Tobacco from City of London's portfolio.

During the month, additions were made to BAE Systems, the defence contractor, and life insurer Legal & General. Both companies reported good full year results and dividends. BAE Systems benefits from a large order book of long-term contracts. Legal & General is a UK leader in annuities and protection policies and owns a large asset management business focussed on index funds. The holding in Ten Entertainment, the bowling operator, was sold after the recovery in its share price from the lows and given uncertainty about when it can resume paying dividends.

Economic growth is expected to be very strong as economies reopen given the monetary and fiscal stimulus from the authorities. The UK and other world equity markets have made substantial gains from the lows over the last 12 months. Some of the recovery in profits as economies reopen is already reflected in share price valuations. Nevertheless, the dividend yield from UK equities remains attractive relative to the main alternatives.

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