

AIC DIVIDEND HEROES
THREE INVESTMENT COMPANIES INCREASE DIVIDENDS FOR 50 CONSECUTIVE YEARS

- **Additional 17 investment companies increase dividends for 20 years or more**

The **Association of Investment Companies (AIC)** has today released the latest list of dividend heroes – those investment companies that have increased their dividends each year for 20 years or more. To celebrate the achievement of these dividend hero investment companies the AIC has created a new logo.



Three investment companies have reached the impressive milestone of 50 years of consecutive dividend increases. They are **City of London Investment Trust, Bankers Investment Trust** and **Alliance Trust**.

Job Curtis, manager, City of London Investment Trust said: “City of London’s record of growing its dividend every year for 50 years has been achieved both by investing in good companies and also through the investment trust structure. In the good years for dividends, we add to our revenue reserves which we are then able to use in more difficult periods. Indeed, in 7 of the 25 years during my period as fund manager, we have dipped into revenue reserves to help grow the dividend.

“In our view, the dividend yield from UK equities remains attractive compared with the main alternatives and dividend growth has been augmented by the fall in the value of sterling over the last nine months.”

Alex Crooke, manager, Bankers Investment Trust said: “Bankers has just passed the anniversary of the 50th consecutive year of increasing its annual dividend. The trust last held the dividend flat in the year 1966, following a bumper year of dividends received in 1965 when companies tried to avoid the introduction of capital gains tax for the first time. The record of growth before then goes back all the way to the Second World War.

“The key is to invest in companies that themselves focus on cash generation and distributing dividends throughout economic cycles. The current outlook for income is more muted than previous years, partly because dividends, after lagging the recovery of corporate earnings post the 2008 crash, have now caught up. Many companies in the US and Europe are now paying

out a relatively high percentage of their earnings as dividends and therefore fund managers need to carefully focus on those industries where earnings are rising.

“Telecommunications looks a place to avoid as both intense competition and regulators are keeping prices low, while potentially investing in 5G and new services could be a drain on cash flow for many years ahead. Conversely the technology sector in the US looks well placed, particularly long established companies. There is good underlying earnings growth and also room to pay out a higher percentage of profits to shareholders. Overall global growth in dividends is expected to be in the 3-5% range, but for investors in the UK this may be higher if the pound continues to fall against overseas currencies.”

An additional seven investment companies have already announced dividend increases for their 2016 year-end. With **Foreign & Colonial Investment Trust** reaching 46 years of consecutive dividend increases, **Brunner Investment Trust** reaching 45 years, **JPMorgan Claverhouse Investment Trust** 44 years, **Witan Investment Trust** 42 years, **Scottish American Investment Trust** 37 years and both **Scottish Investment Trust** and **Temple Bar** announcing their 33rd year of consecutive dividend increase. For a full list of dividend heroes, please see the table below.

Annabel Brodie-Smith, Communications Director, AIC said: “It’s such an achievement to see three investment companies reach 50 years of consecutive dividend increases. In the current low interest rate environment, with inflation creeping up, the ability to ‘smooth’ dividends is a unique advantage of the investment company structure. Investment companies can store up to 15% of the income they receive each year and can use these reserves to boost dividends when times get tough in the future.

“To celebrate the success of these investment companies which have increased their dividends year in year out for over 20 years, the AIC has launched a dividend hero logo.”

Dividend heroes

Company	Sector	Number of consecutive years’ dividend increased
City of London Investment Trust	UK Equity Income	50
Bankers Investment Trust	Global	50
Alliance Trust	Global	50
Caledonia Investments	Global	49
F&C Global Smaller Companies	Global	46
Foreign & Colonial Investment Trust	Global	46
Brunner Investment Trust	Global	45

JPMorgan Claverhouse Investment Trust	UK Equity Income	44
Murray Income	UK Equity Income	43
Witan Investment Trust	Global	42
Scottish American	Global Equity Income	37
Merchants Trust	UK Equity Income	34
Scottish Mortgage Investment Trust	Global	33
Scottish Investment Trust	Global	33
Temple Bar	UK Equity Income	33
Value & Income	UK Equity Income	29
F&C Capital & Income	UK Equity Income	23
British & American	UK Equity Income	21
Schroder Income Growth	UK Equity Income	21
Northern Investors Company*	Private Equity	20

*Please note Northern Investors Company is winding up

Source: AIC

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Notes to editors:

1. Dividend heroes list correct as at 13 March 2017.
2. The Association of Investment Companies (AIC) was founded in 1932 to represent the interests of the investment trust industry – the oldest form of collective investment. Today, the AIC represents a broad range of closed ended investment companies, incorporating investment trusts and other closed ended investment companies and VCTs. The AIC's members believe that the industry is best served if it is united and speaks with one voice. The AIC's mission statement is to help Members add value for shareholders over the longer term. The AIC has 345 members and the industry has total assets of approximately £163 billion.
3. Disclaimer: The information contained in this press release does not constitute investment advice or personal recommendation and it is not an invitation or inducement to engage in investment activity. You should seek independent financial and, if appropriate, legal advice as to the suitability of any investment decision. Past performance is not a guide to future performance. The value of investment company shares, and the income from them, can fall as well as rise. You may not get back the full amount invested and, in some cases, nothing at all.