

Portfolio Update

The information contained in this release was correct as at 31 January 2025. Information on the Company's up to date net asset values can be found on the London Stock Exchange Website at:

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

BLACKROCK INCOME & GROWTH INVESTMENT TRUST PLC (LEI:5493003YBY59H9EJLJ16)

All information is at **31 January 2025** and unaudited.

Performance at month end with net income reinvested

| | One Month | Three Months | One Year | Three Years | Five Years | Since 1 April 2012 |
|-----------------------------|--------------|-----------------|-------------|----------------|---------------|--------------------------|
| Sterling | | | | | | |
| Share price | 1.5% | 3.4% | 11.7% | 17.6% | 20.1% | 138.0% |
| Net asset value | 5.9% | 6.2% | 16.1% | 26.1% | 34.4% | 152.2% |
| FTSE All-Share Total Return | 5.5% | 6.9% | 17.1% | 25.5% | 37.9% | 148.4% |

Source: BlackRock

BlackRock took over the investment management of the Company with effect from 1 April 2012.

At month end

Sterling:

| | |
|---------------------------------------|------------|
| Net asset value - capital only: | 230.06p |
| Net asset value - cum income*: | 235.88p |
| Share price: | 200.00p |
| Total assets (including income): | £50.0m |
| Discount to cum-income NAV: | 15.2% |
| Gearing: | 4.7% |
| Net yield**: | 3.8% |
| Ordinary shares in issue***: | 19,500,723 |
| Gearing range (as a % of net assets): | 0-20% |
| Ongoing charges****: | 1.15% |

* Includes net revenue of 5.82 pence per share

** The Company's yield based on dividends announced in the last 12 months as at the date of the release of this announcement is 3.8% and includes the Interim Dividend of 2.70p per share declared on 20 June 2024 with pay date 29 August 2024 and the 2024 final dividend of 4.90p per share declared on 07 January 2025 with pay date 14 March 2025.

*** excludes 10,081,532 shares held in treasury.

**** The Company's ongoing charges are calculated as a percentage of average daily net assets and using management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items for the year ended 31 October 2024. In addition, the Company's Manager has also agreed to cap ongoing charges by rebating a portion of the management fee to the extent that the Company's ongoing charges exceed 1.15% of average net assets.

Sector Analysis

| | <u>Total assets (%)</u> |
|---------------------------------|--------------------------------|
| Banks | 11.8 |
| Support Services | 8.5 |
| Media | 8.1 |
| Pharmaceuticals & Biotechnology | 7.2 |
| Oil & Gas Producers | 6.2 |

| | |
|-------------------------------------|-------|
| General Retailers | 6.0 |
| Real Estate Investment Trusts | 5.6 |
| Financial Services | 5.3 |
| Mining | 5.2 |
| Nonequity Investment Instruments | 4.3 |
| Industrial Engineering | 3.7 |
| Nonlife Insurance | 3.6 |
| Personal Goods | 3.4 |
| Household Goods & Home Construction | 3.1 |
| Tobacco | 2.9 |
| Travel & Leisure | 2.7 |
| Food Producers | 2.3 |
| Gas, Water & Multiutilities | 2.0 |
| Life Insurance | 1.5 |
| Electronic & Electrical Equipment | 1.4 |
| General Industrials | 1.0 |
| Beverages | 0.5 |
| Net Current Assets | 3.7 |
| | ----- |
| Total | 100.0 |
| | ===== |

| <u>Country Analysis</u> | <u>Percentage</u> |
|-------------------------|-------------------|
| United Kingdom | 94.0 |
| United States | 2.3 |
| Net Current Assets | 3.7 |
| | ----- |
| | 100.0 |

| <u>Top 10 Holdings</u> | <u>Fund %</u> |
|-----------------------------|---------------|
| AstraZeneca | 6.6 |
| Shell | 5.3 |
| RELX | 5.3 |
| HSBC Holdings | 4.5 |
| Rio Tinto | 3.9 |
| 3i Group | 3.9 |
| Unilever | 3.6 |
| Standard Chartered | 3.5 |
| London Stock Exchange Group | 3.2 |
| Pearson | 3.2 |

Commenting on the markets, representing the Investment Manager noted:

Performance Overview:

Market Summary:

The S&P500 and FTSE100 reached record highs following President Trump's inauguration and softer-than-expected inflation prints from the US and UK early in the month. However, the U.S. technology sector faced pressure following fears that DeepSeek's less expensive AI model may pose a threat to U.S. technology companies' dominance. Shares of prominent technology companies saw substantial volatility. Recent stock market outperformance has pushed US shares to their most expensive level relative to government bonds since the dotcom bubble over 20 years ago, sparking concerns over the fragility of this outperformance.

Central Bank decisions were in focus as a widely anticipated 25bps cut came from the European Central Bank just hours after Eurostat reported that the Eurozone economy did not grow at all in the fourth quarter of 2024. The Federal Reserve held rates following three consecutive cuts as inflation remains persistent and the effects of President Trump's policy decisions remained unclear, solidifying the already scaled back expectations of much lower rates through 2025.

In the UK, stock markets started the year strongly as the FTSE All-Share gained 5.5% despite volatility in the government bond market. UK inflation data showed that headline consumer prices rose 2.5% YoY in December, down from 2.6%, and core inflation slowed to 3.2% in December from 3.5% in November. Facing continued concerns on growth and business confidence, Rachel Reeves re-iterated her pledge to go 'further and faster' to deliver economic growth. There has been a flurry of announcements in the second half of January around changes to CMA, regulation and several Infrastructure announcements including support for the expansion of both Heathrow and Gatwick airports.

Stock comment:

Spirax performed strongly in the month, partly reversing the 2024 derating as conditions in their end markets, specifically biopharma, are showing signs of recovery. **WH Smith** performed well during the month following an encouraging trading update that showed strong like-for-like growth in its travel division in addition to a welcome announcement that the company were looking at a range of options for delivering value from its small UK High Street division. **RELX**, **Standard Chartered**, **3i Group** and **Weir**, all of which performed strongly last year, have continued to outperform as the market recognises the strong momentum in their respective businesses.

Inchcape fell sharply following a downgrade note from a sell-side analyst. We believe the market's concerns are misplaced and continue to believe in the value-add Inchcape provides its customers and in the strength of its cash generation. **Hays** has continued to struggle as staffing markets remain stagnant due to candidates and corporates lacking the confidence to transact. **SGS** shares fell on the announcement of potential M&A with its peer, Bureau Veritas. This would be a very significant transaction, creating the largest Testing and Inspection business globally. The Company subsequently sold its position given the investment thesis for SGS was predicated on the self-help potential on offer rather than a large deal and complex integration.

Changes:

The Company purchased a position in **Intermediate Capital**. The private capital specialist continues to deliver strong inflows and performance of its on-balance sheet holdings continues to impress. The Company also purchased a holding in **Fever-Tree**, the soft drink company, following the announcement of their transformational deal with Molson-Coors that materially enhances the US opportunity for the group. The Company added to **Lloyds** during the month to reflect our view that the shares had been overly punished on fears relating to the motor finance commission liability and that the fundamentals of the bank remain attractive.

SGS was sold as discussed above. The Company trimmed holdings in **National Grid** and **RELX** following their strong performances in recent months.

Outlook:

Global developed equity markets continued their broad rallies throughout 2024 following a trend that started in late 2023. Having passed peak interest rates with stable labour markets and broadly stable macroeconomic conditions, equity markets have performed strongly. The promise of greater fiscal spending in the US, China and parts of Europe have served to buoy equity markets further despite contributing to rising government bond yields as the spectre of uncontrolled fiscal deficits and inflationary pressures loom large for bond investors.

Following a period of extended economic weakness, the Chinese Government has begun a more concerted campaign aimed at accelerating economic growth and arresting deflationary pressures. Recent policy moves have sought to improve and encourage lending into the real economy with a sizable fiscal easing programme announced. Whilst the scale of the easing is large, western markets and commentators have remained sceptical of its impact and effectiveness whilst awaiting evidence to the contrary. In the UK, the recent budget promised and delivered a large-scale borrowing and spending plan. Whilst sizable increases in minimum wage and public sector wage agreements likely support a brighter picture for the UK consumer, business confidence remains low impacting the growth outlook. UK labour markets remain resilient for now with low levels of unemployment while real wage growth is supportive of consumer demand albeit presents a challenge to corporate profit margins.

With the UK's election and budget now over, the market's attention will focus on the subsequent policy actions of the new US administration under Donald Trump. The global economy has benefited from the significant growth and deflation 'dividend' it has received from globalisation over the past decades. The impact of a more protectionist US approach and the potential implementation of tariffs may challenge this 'dividend'. Indeed, we anticipate more uncertainty given the announcements of significant federal budget cuts and a stricter immigration policy. We would anticipate asset markets to be wary of these policies until there is more clarity as we move through 2025. Conversely, we believe political certainty, now evident in the UK, will be helpful for the UK and address the UK's elevated risk premium that has persisted since the damaging Autumn budget of 2022. Whilst we do not position the portfolios for any election or geopolitical outcome, we are mindful of the potential volatility and the opportunities that may result, some of which have started to emerge.

The UK stock market continues to remain very depressed in valuation terms relative to other developed markets offering double-digit discounts across a range of valuation metrics. This valuation anomaly saw further reactions from UK corporates who continue to use their excess cashflows to fund buybacks contributing to a robust buyback yield of the UK market. Combining this with a dividend yield of 3.6% (FTSE All Share Index yield as at 31 December 2024; source: FT), the cash return of the UK market is attractive in absolute terms and higher than other developed markets. Although we anticipate further volatility ahead, we believe that risk appetite will return and opportunities are emerging. We have identified several potential opportunities with new positions initiated throughout the year in both UK domestic and midcap companies.

We continue to focus the portfolio on cash generative businesses that we believe offer durable, competitive advantages as we believe these companies are best placed to drive returns over the long term. Whilst we anticipate economic and market volatility will persist throughout the year, we are excited by the opportunities this will likely create; by seeking to identify the companies that strengthen their long-term prospects as well as attractive turnaround situations.

18 February 2025

ENDS