

# The North American Income Trust plc

Leading US companies picked for their higher income potential

Performance Data and Analytics to 31 May 2022

## Investment objective

To provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominantly of S&P 500 US equities.

## Reference benchmark

Russell Value 1000 Index.

## Cumulative performance (%)

	as at 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	305.0p	1.0	10.8	14.2	17.9	20.6	55.6
NAV <sup>a</sup>	329.9p	3.0	6.7	11.9	15.2	29.5	50.9
Russell 1000 Value		1.6	5.3	6.6	13.8	43.4	61.2

## Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	17.9	17.3	(12.8)	12.3	15.0
NAV <sup>a</sup>	15.2	17.7	(4.4)	7.1	8.7
Russell 1000 Value	13.8	25.6	0.3	7.1	5.0

## Five year dividend table (p)

Financial year	2022	2021	2020	2019	2018
Total dividend (p)	10.30	10.00	9.50	8.50	7.80

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.  
**Past performance is not a guide to future results.**

<sup>a</sup> Including current year revenue.

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## Morningstar Rating™



<sup>b</sup> Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.



## Ten largest equity holdings (%)

Bristol-Myers Squibb	4.8
Phillips	4.6
Baker Hughes	4.0
Comcast	3.9
Gaming and Leisure Properties	3.8
Citigroup	3.4
Philip Morris	3.4
Metlife	3.2
Gilead Sciences	3.1
CVS Health	3.1
<b>Total</b>	<b>37.3</b>

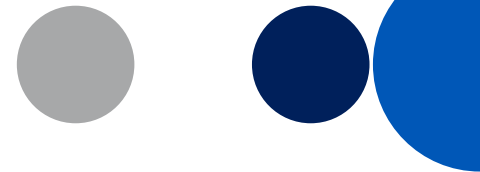
## Sector allocation (%)

Financials	21.6
Health Care	16.2
Energy	11.4
Consumer Discretionary	10.4
Information Technology	8.6
Industrials	8.1
Real Estate	6.6
Communication Services	6.6
Materials	5.3
Consumer Staples	5.2
<b>Total</b>	<b>100.0</b>

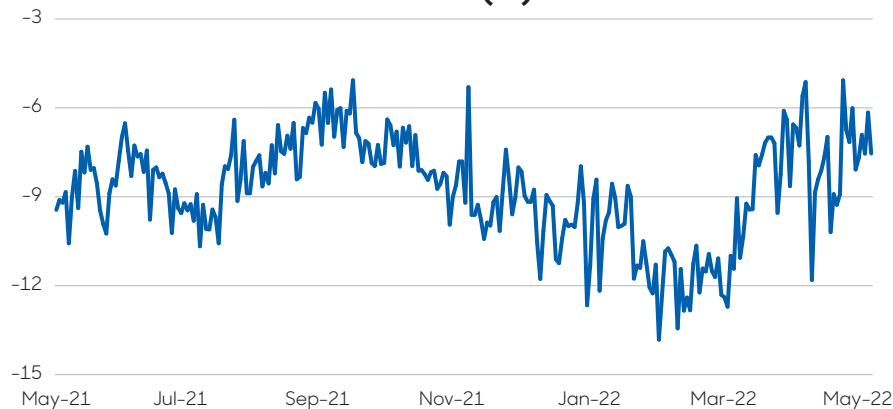
All sources (unless indicated): abrdn: 31 May 2022.



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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

US equity market volatility remained elevated in May, as macroeconomic risks continued to weigh on investor sentiment. The ongoing war in Ukraine aided the rise in soft and hard commodity prices, with the Brent Crude oil price reaching above US\$115 per barrel by the end of the month. The US Federal Reserve's (Fed) increased inflationary concerns were reflected in its stepped-up pace in monetary policy tightening at its May meeting, as the central bank raised its benchmark interest rate by 0.5%.

On the economic front, the Department of Labor reported that US payrolls expanded by 390,000 in May, and the unemployment rate was unchanged at 3.6% – the lowest level since September 2019. Inflation in the US remains elevated; the Consumer Price Index rose 1.0% in May and 8.6% for the previous 12-month period, up from 0.3% and 8.3% respectively in April. Energy costs led the upturn in inflation again in May, with fuel oil prices rising nearly 107% versus the same period in 2021.

In portfolio-related corporate news, oil and gas company Phillips 66 made a final investment decision to move forward with its Rodeo Renewed project, which will convert a traditional refinery into one of the world's largest renewable fuel facilities. Additionally, the company raised its quarterly dividend by 5.1%, equivalent to an annualised yield of 3.8% based on the stock price at month-end. Healthcare-focused REIT Omega Healthcare Investors reported better-than-expected earnings for the first quarter of its 2022 fiscal year and announced the sale of a majority of its legacy Gulf Coast assets for more the US\$300 million.

## Fund managers' report continues overleaf

<sup>c</sup> Represents cash being used as collateral against open equity options positions, and therefore not available for investment.

<sup>d</sup> Expressed as a percentage of average daily net assets for the year ended 31 January 2022. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

<sup>e</sup> Calculated using the Company's historic net dividends and month end share price.

<sup>f</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

<sup>g</sup> Excludes cash being used as collateral against open option positions from cash/cash equivalents.

<sup>h</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

## Geographic breakdown (%)

USA	89.0
Canada	8.2
Cash available for investment	2.6
Other cash <sup>c</sup>	0.2
<b>Total</b>	<b>100.0</b>

## Total number of investments

Total number of equity investments	40
Total number of fixed income investments	3
<b>Total</b>	<b>43</b>

## Key information

### Calendar

Year end	January
Accounts published	April
Annual General Meeting	June
Dividend paid	February, June, August, October
Established	1902
Fund managers	Fran Radano Ralph Bassett
Ongoing charges <sup>d</sup>	0.95%
Annual management fee	0.75% of net assets up to £250m; 0.6% of net assets between £250m; and £500m; 0.5% of net assets above £500m
Premium/(Discount)	(7.5)%
Yield <sup>e</sup>	3.4%
Net gearing <sup>f</sup>	5.4%
Net gearing <sup>f,g</sup>	5.6%
Active share <sup>h</sup>	89.1%

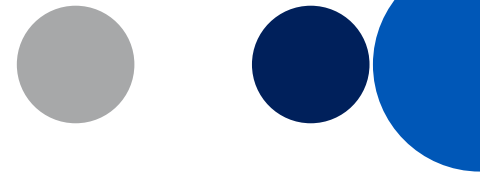
## AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

## Assets/Debt (£m)

Gross	502.8
Debt	39.6
Cash & cash equivalents	14.6

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## Fund managers' report – continued

In addition to Phillips 66, several other Trust holdings announced notable dividend actions in May. Freight railroad operator Union Pacific Corp. boosted its quarterly payout by 10.2%, representing an annualised yield of 2.4% at the stock's closing price at month-end. Royal Bank of Canada raised its dividend by 9.6%, equivalent to a 3.9% annualised yield at the share price at the close of the market on 31 May. Medical device maker Medtronic announced a 7.4% increase in its dividend, resulting in a 2.7% annualised yield at the stock's closing price at the end of the month.

We did not initiate or exit any positions in the Trust in May. We added to the holdings in semiconductor manufacturer Analog Devices; home improvement retailer The Home Depot; and pharmacy benefits manager and retail drugstore operator CVS Health Corp. We trimmed the Trust's positions in Medtronic and energy infrastructure company TC Energy Corp.

## Outlook

The Fed believes that it can bring inflation back to its target range without triggering a recession, though the abrdn Research Institute suggests that this will be difficult to achieve, given the combination of tight labour markets, high wage and price inflation, acute financial imbalances, elevated inflation expectations, and anticipation of large interest-rate hikes. In our view, the monetary policy tightening required to drag US inflation back to the Fed's target is expected to push the economy into recession in the second half of 2023.

As intense fighting continues in Ukraine, we await a cessation in hostilities through either diplomatic agreement or forced surrender. As a result, investors and analysts remain watchful and cautious as they fix their gaze on affected markets, particularly financials and energy. Global equity markets appear to be working through supply-chain issues as pandemic-related labour pressures subside and activity restrictions are relaxed. While the Omicron variant of Covid-19 persists, it is hoped that the world can gradually recover and finally emerge from the pandemic this year. We feel that economies globally are now poised to work out the details of living a post-pandemic life – as soon as geopolitical conditions allow. We continue to believe that companies with enduring competitive advantages and healthy balance sheets in a sustainable manner are best positioned to manage economic pressures through to times of greater market stability. In our view, the judicious use of price hikes, avoiding higher debt loads, and investing in updates to supply-chain processes and capabilities are key for businesses.

<sup>1</sup> Calculated as notional principal of outstanding divided by gross equity assets.

**The risks outlined overleaf relating to exchange rate movements is particularly relevant to this trust, but should be read in conjunction with all warnings and comments given.**

**Important information overleaf**

## Assets

	%	£m
Equities	99.6	492.7
Fixed Income	0.4	2.2
<b>Total</b>	<b>100.0</b>	<b>494.9</b>

## Options

Number of open options positions	2
Equity sleeve optionised <sup>1</sup>	1.60%

## Capital structure

Ordinary shares	140,234,749
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## Allocation of management fees and finance costs

Capital	70%
Revenue	30%

## Trading details

Reuters/Epic/ Bloomberg code	NAIT
ISIN code	GB00BJ00Z303
Sedol code	BJ00Z30
Stockbrokers	WINS Investment Trusts
Market makers	SETSm



## Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.investments.co.uk/#signup](http://www.investments.co.uk/#signup) or [www.northamericanincome.co.uk](http://www.northamericanincome.co.uk)



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## Important information

### Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

### Other important information:

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