

# The Diverse Income Trust plc

## Objective

To provide shareholders with an attractive and growing level of dividends coupled with capital growth over the long term.

## Awards and ratings



Ratings are not a recommendation. Please see page 4 for further information.

## Key facts

Net assets	£279.3m
Shares in issue	318,540,642
Share price	80.60p
NAV	87.70p
Premium/(Discount)	(8.10)%
No. of holdings	118
Domicile	United Kingdom
Launch date	28 Apr 2011
Reporting dates	Final - 31 May Interim - 30 Nov
ISA eligible	Yes
AIC sector	UK Equity Income

## Performance comparators

Numis All-Share Index  
 Numis Smaller Companies + AIM (ex ICs)

## Trust managers



**Gervais Williams**  
 Joined Premier Miton  
**Mar 2011**  
 Manager since  
**Apr 2011**



**Martin Turner**  
 Joined Premier Miton  
**May 2011**  
 Manager since  
**May 2011**

## Directors

Andrew Bell (Chairman),  
 Charles Crole,  
 Caroline Kemsley-Pein,  
 Michelle McGrade,  
 Calum Thomson

## Fund codes

ISIN	GB00B65TLW28
SEDOL	B65TLW2
Bloomberg	DIVI LN

## Manager commentary

We believe 2023 has been defined by an ongoing stream of sales of UK Open Ended Investment Companies (OEIC). Whilst this has been an ongoing feature for the last two years, it is noteworthy in our view, that the share prices of larger UK quoted companies have been more resilient than might have been expected. We ascribe this feature to international investors, which appear to be marginally increasing their weightings to global equity income companies, which includes many UK quoted companies. So, whilst the share prices of larger UK quoted companies would normally drift down on voluminous local selling, to date this has been offset by international buyers.

Unfortunately, there is different pattern within AIM-listed (Alternative Investment Market) UK equity income companies. These kinds of companies are not of interest to international investors, so the ongoing UK OEIC sales have been marked with their share prices declining even further.

All this is unhelpful given the speed and scale of interest rate increases over recent quarters. Raising interest rates tends to have a depressing effect on economic activity after a time lag. Therefore, the longer that US or UK interest rates remain elevated,

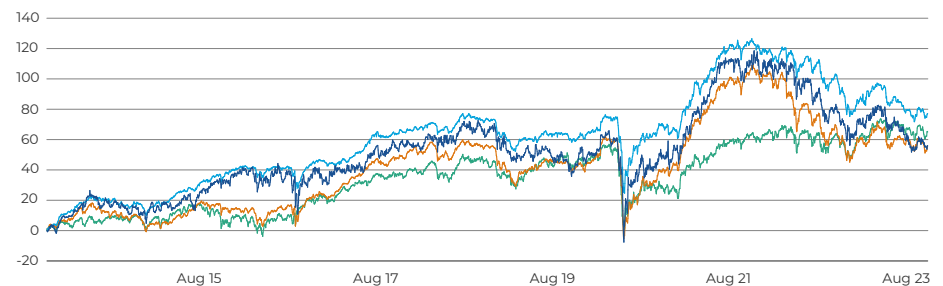
the greater the risk that they do precipitate an economic setback eventually.

Specifically, during August, the valuation of government bonds has lurched lower. During the month, the ongoing rise of energy prices may have worried investors that global inflation will not fall as rapidly as originally hoped.

The positioning of the Diverse Income Trust portfolio reflects the uncertainty as to when the economic recovery might come through. If we are too cautious, the share prices of many AIM listed equity income companies could recover rapidly. If there is a UK or global recession however, then we believe that numerous indebted private businesses could fail, which will open up additional opportunities for quoted companies. Specifically, as listed companies can raise additional capital, they have the potential to retain the staff at over-indebted but otherwise viable businesses employed, by acquiring their businesses debt-free from the receiver. The bottom line is that even if there is an economic downturn, the outlook appears particularly favourable to for AIM listed equity income companies, albeit that it might take a little longer to be recognised.

**Gervais Williams & Martin Turner**  
 31.08.2023

## Performance over 10 years (%)



## Cumulative performance (%)

	1m	3m	1y	3y	5y	10y
Share price	-2.66	-2.21	-11.11	5.08	-4.88	57.32
NAV	-1.79	-0.24	-8.62	5.00	2.81	78.15
Numis All-Share Index	-2.63	0.92	4.53	30.10	15.15	66.20
Numis Smaller Companies + AIM (ex ICs)	-2.45	-0.60	-3.17	10.56	-0.32	55.50

## Calendar year performance (%)

	2018	2019	2020	2021	2022	YTD
Share price	-7.69	6.94	8.60	19.49	-16.82	-9.72
NAV	-8.37	12.51	7.57	15.78	-13.39	-5.91
Numis All-Share Index	-9.61	18.83	-7.88	17.07	-2.54	2.24
Numis Smaller Companies + AIM (ex ICs)	-15.84	22.16	4.93	20.03	-21.93	-1.85

	31.08.18	30.08.19	28.08.20	31.08.21	31.08.22	31.08.23
Discrete annual performance (%)	30.08.19	28.08.20	31.08.21	31.08.22	31.08.23	
Share price	-12.75	3.76	41.48	-16.45	-11.11	
NAV	-8.31	6.79	33.12	-13.69	-8.62	
Numis All-Share Index	-0.37	-11.16	27.61	-2.46	4.53	
Numis Smaller Companies + AIM (ex ICs)	-9.61	-0.25	47.57	-22.63	-3.17	

Source of performance data: Morningstar, as at 31.08.2023, net income reinvested, bid to bid basis, Index on a total return basis. ©2023 Morningstar. All Rights Reserved. The information contained herein; is proprietary to Morningstar and/or its content providers; may not be copied or redistributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**Key risks: The value of investments may fluctuate which will cause fund prices to fall as well as rise and investors may not get the original amount invested. The performance information presented on this page relates to the past. Past performance is not a reliable indicator of future returns. Reference to any stock or fund is not a recommendation for investment purposes. More information about the risks of investment is provided later in this document.**

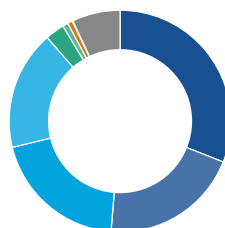


## Portfolio breakdown

### Top 20 holdings (%)

Kenmare Resources	2.5
XPS Pensions Group	2.4
TP ICAP Group	2.2
I3 Energy	2.0
Galliford Try Holdings	1.9
Paypoint	1.9
Hostelworld Group	1.8
Diversified Energy	1.8
Tesco	1.7
Sabre Insurance Group	1.7
Phoenix Group Holdings	1.7
BT Group	1.7
Legal & General Group	1.7
Sainsbury (J)	1.6
Just Group	1.6
Savannah Energy	1.6
Drax Group	1.5
Admiral Group	1.5
Man Group	1.5
Aviva	1.5

### Index weighting (%)



FTSE AIM	31.0
FTSE Small Cap	20.3
FTSE 100	19.9
FTSE 250	17.4
UK-listed non-indexed shares	2.8
FTSE Fledgling	0.8
Other	0.7
FTSE 100 Put Options	0.1
Cash	7.0

## Income

**Historic yield** 5.02%

The historic yield reflects the distributions declared over the past twelve months as a percentage of the trust price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

**The yield is not guaranteed and will fluctuate.**

**Expected payment dates** Feb, May, Aug, Nov

### Income distribution (pence per share)

Total income distributions in each of the trust's last 6 financial years.

	1st Interim	2nd Interim	3rd Interim	Final	Total
2023	0.95p	0.95p	0.95p	-	2.85p
2022	0.90p	0.90p	0.90p	1.20p	3.90p
2021	0.85p	0.90p	0.90p	1.10p	3.75p
2020	0.85p	0.90p	0.90p	1.05p	3.70p
2019	0.80p	0.85p	0.90p	1.26p	3.81p
2018	0.75p	0.80p	0.85p	1.23p	3.63p

## Charges

**Ongoing charges figure (OCF)** 1.09%  
as at 31.05.2023

The ongoing charges figure (OCF) is not the same as the ongoing costs figure set out in the Company's Key Information Document. The key differences are that gearing costs and portfolio transaction costs are not included in the OCF. In addition costs are calculated on slightly different bases. The OCF figure set out above mirrors that in the Report and Accounts and is based on costs incurred in the year which are likely to recur in the foreseeable future. The ongoing costs figures in the Key Information Document provide investors with the impact costs have had on returns averaged over the five year recommended holding period.

### \*Management fee on market capitalisation

Fund management fees are tiered and calculated based on the share price, so may vary in each year. With effect from 1 August 2019, the Manager received a management fee of 0.9% per annum on the adjusted market capitalisation of the trust up to £300m, 0.8% per annum on the average market capitalisation between £300 and £500m and then 0.7% per annum on the average market capitalisation above £500m.



## General risks

All types of investment carry a degree of risk. It is possible you could lose some, or all, of the money you invest. The level of risk varies depending on the type of investment.

Typically, you are less likely to lose money over the long term from an investment that is considered low risk, although potential returns may also be lower. Investments considered higher risk typically offer greater opportunities for better long-term returns, though the risk of losing money is also likely to be higher.

When you invest, it is important that you understand the risk to your money and are comfortable with that level of risk. If you are unsure, we would recommend that you consult a financial adviser.

Past performance of an investment is not an indication of how it will perform in the future. The value of your investment and any income generated by your investment can go down as well as up, and you could get back less than you invested.

The value of your investment might not keep up with any rise in the cost of living.

You could lose money if financial markets fall. There is no guarantee that the investment objective of the trust will be achieved.

The levels of taxation that apply to income or capital gains from the trust, including any tax relief that may be available, will depend on your personal tax situation.

Trusts with similar objectives may not perform in the same way as they are likely to have different holdings or hold different amounts of the same investment.

Performance will be affected by investment decisions made by the fund managers.

## Other risks

Some of the main specific risks of investing in this trust are summarised here.

### Derivative

A contract whose value is based on the change in price of a specific asset or index. When derivatives are used within a trust, it doesn't necessarily increase risk. However, price changes in the underlying asset can translate into big swings in the value of derivatives (up and down), which has a direct effect on the value of the trust.

### Dividends

In certain market conditions companies may reduce or even suspend paying dividends until conditions improve. This will impact the level of income distributed by the Trust.

### Equities

Equities (shares) can experience high levels of price fluctuation.

### Geographic concentration

Trusts that have a strong focus on a particular country or region can carry a higher risk than trusts with a more diversified portfolio.

### Hedging

A hedge is designed to offset the risk of another investment falling in price. It can also act as a limit on potential gains if the investment that has been hedged increases in value.

### Inflation

Higher inflation can lead to some investments falling in value, particularly those with a fixed level of interest, for example government bonds and corporate bonds.

### Infrastructure

Investments are often in large-scale projects whose profitability can be affected by supply problems or rising prices for raw materials or natural resources. Changes in the wider economy and government regulation can also have a significant influence.

### Interest rate

Changes in central bank interest rates can affect all types of assets, in particular, securities such as government bonds and corporate bonds that generally offer a fixed level of interest. If interest rates go up, the value of a bond may fall, and vice versa.

### Legal and tax

The income or capital gains from investments can sometimes be affected by changes in legal and tax regulations or how these rules are applied.

### Liquidity

In some instances, for example, when market conditions generally are difficult, holdings in a trust may be difficult to sell and buy at the

desired price. The trust value could fall as a result.

### Operational

Processes, systems and controls around your investment might fail. The more complex or unusual the investments that the trust holds, the more likely this is to happen. For example, developing markets may have less reliable systems or lower standards of governance than more developed markets.

### Property and Real Estate Investment Trusts

Property values can rise and fall sharply depending on the strength of a country's economy.

### Put-options

A type of derivative. Put-options can be used for a number of reasons. For example, they can be used to protect the value of an underlying investment or group of investments against a fall in value. They can be thought of as an insurance policy. These can make a trust more volatile from time to time.

### Smaller companies

Investment in smaller companies is typically higher risk than investment in larger companies. Shares in smaller companies can experience greater levels of volatility.



## Ratings, awards and other information

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FE fundinfo and should not be used as the sole basis for making any investment decision. All rights reserved.

## Glossary

### Annual management charge (AMC)

The yearly fee paid to Premier Miton for managing a trust, expressed as a percentage of your investment. The AMC does not typically change from year to year.

### Assets

Different groups of investments such as company shares, bonds, commodities or property.

### Bonds (or fixed income)

Types of investments that allow investors to loan money to governments and companies, usually in return for a regular fixed level of interest until the bond's maturity date, plus the return of the original value of the bond at the maturity date. The price of bonds will vary and the investment terms of bonds will also vary.

### Capital

Describes financial assets, particularly cash, or other assets, such as shares, owned by a person or organisation.

### Capital growth

The increase in the value of an asset or investment over time, measured by its current value compared to its purchase cost.

### Collective Investment Schemes

A generic term for investment funds with more than one investor, such as unit trusts, Open Ended Investment Schemes (OEICs) and investment trusts.

### Discount

The shares of investment trusts can have a price below the value of their net assets, this difference is known as the discount. The shares can also be at a premium to their net assets.

### Dividends

The portion of its capital that a company chooses to return to its shareholders. For a trust, this is the payment of trust's income to its shareholders.

### Equities

Another name for shares (or stock) in a company.

### FTSE 100 Put Option

A type of derivative contract in which the underlying value is based on the level of the FTSE 100 index which tracks the performance of the top 100 largest companies by market value listed on the London Stock Exchange. Such contracts can be used to protect the value of an underlying investment or group of investments against a fall in the value of those 100 largest companies and can be thought of as an insurance policy.

### Gearing

The level of a company's debt in relation to its capital. A company with significant debt compared to its capital is considered to be highly geared.

### Individual Savings Account (ISA)

A type of tax-free scheme, set up by the government, designed to help people make the most of their savings and investments. All income and gains from an ISA investment are exempt from UK Income Tax and Capital Gains Tax. HM Revenue and Customs sets the maximum amounts that you are allowed to invest into an ISA each tax year.

### Micro-Cap

A company with a market capitalisation (the total value of all a company's shares) of below £250 million.

### Multi-Cap

A type of equity fund or investment trust that invests in companies across all market capitalisations (the market capitalisation is the total value of all a company's shares).

### Net Asset Value (NAV)

The total of a company's assets minus its liabilities. The net asset value per share is the total of a company's assets minus its liabilities divided by the number of shares in issue.

### Ongoing Charges Figure (OCF)

As recommended by the Association of Investment Companies in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs and certain non-recurring items) expressed as a percentage of the average monthly net assets of the Company during the year. Please note this figure is different to what is stated in the PRIIPS KID.

### Total return

A way of showing how an investment has performed, and is made-up of the capital appreciation or depreciation and includes any income generated by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of that period.

### Yield

The dividend per share divided by the stock's or fund's price per share and expressed as a percentage. The historic yield is the dividend income distributed during the past year and expressed as a percentage of the share price on a particular day.

## Corporate contacts

### Investment Manager

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## Contact us

From 9:00am to 5:30pm, Monday to Friday, excluding bank holidays.

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A free, English language copy of the trust's full prospectus, the Key Information Document and Pre-investment Disclosure Document are available on the Premier Miton website, or you can request copies by calling us on 01483 306090.

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