



# **F&C Investment Trust PLC** **(formerly Foreign & Colonial Investment Trust PLC)**

## **INVESTOR DISCLOSURE DOCUMENT**

### **IMPORTANT INFORMATION**

#### **Regulatory and legal status of the Company**

**F&C Investment Trust PLC (the “Company”)** is an 'alternative investment fund' (“AIF”) for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the “AIFM Directive”) which has appointed BMO Investment Business Limited (the “Manager”) as its Alternative Investment Fund Manager (“AIFM”). The Manager is authorised and regulated by the United Kingdom Financial Conduct Authority (the “FCA”) as an AIFM for the Company.

The Company is an investment trust and is incorporated as a public limited company in England and Wales. The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The operation of the Company is subject to its Articles of Association, the FCA Listing Rules, the FCA Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code issued by the Financial Reporting Council (April 2016) and the UK Companies Act 2006.

The provisions of the Company's Articles of Association, which are binding on the Company and all of its shareholders, set out the respective rights and restrictions attaching to the Company's shares. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles of Association.

#### **Limited purpose of this document**

This document, which is made available to investors in the Company by being made available at [www.fandcit.com](http://www.fandcit.com), is not a prospectus. It is issued for the sole purpose of making certain regulatory disclosures to investors in accordance with the requirements of the AIFM Directive. The Company, its Directors and the Manager as its AIFM will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This Investor Disclosure Document is based on information, law and practice at the date hereof. The Company, its Directors and the Manager as its AIFM cannot be bound by an out of date Investor Disclosure Document when it has issued a new Investor Disclosure Document and investors should check with the Manager that this is the most recently published Investor Disclosure Document.

**This document is not intended to be an invitation or inducement to any person to engage in any investment activity. It does not include all the information which investors or their**



**professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

#### **No advice**

The Company, its Directors and the Manager as its AIFM are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment and any other related matters concerning the Company and an investment in the Company's shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

#### **Overseas investors**

The distribution of this document in certain jurisdictions will be restricted and accordingly any persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. In particular, the shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer and other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

This Investor Disclosure Document is dated, and is valid, as at 8 March 2019.



## THE COMPANY

### Investment Objective

**The Company's Investment Objective is "to secure long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and private equity, with the use of gearing."**

### Investment restrictions and guidelines

The Board of Directors sets guidelines for the AIFM under which the Company is managed and these can be varied from time to time. The Company typically remains fully invested in equities. Within the general policy of maintaining a diversified portfolio there are no specific geographic or industry sector exposure limits for the publicly listed equities. The Company has placed a limit of 5% of the total value of its investment portfolio that can be invested in unlisted securities at the time of acquisition (excluding private equity investments). Any unlisted investment requires specific prior Company approval.

Under the Company's Articles of Association, with limited exceptions, no single investment may be made by the Company which exceeds 10% of the total value of the investment portfolio at the time of acquisition. Under the FCA Listing Rules, no more than 10% of the total value of the investment portfolio may be invested in other listed closed-ended investment companies, unless such investment companies have themselves published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15% of the total value of the investment portfolio.

The Company has placed a limit of 5% of the total value of the investment portfolio on investment funds managed by the F&C Group, at the time of acquisition. Any such investment requires specific prior Company approval.

Derivatives may be used for the purpose of income enhancement and efficient portfolio management including, if appropriate, protection against currency risks. With regard to income enhancement, options may only be written on quoted securities and the total nominal exposure is limited to a maximum of 5% of the UK investment portfolio forming part of the total investment portfolio at the time of investment for both put and call options.

### Leverage

Borrowings, whether short or long-term in nature, can be taken out either in Sterling or a foreign currency from approved financial institutions. The Board of Directors' guidelines on borrowings is that they should normally fall within a range of 0 – 20% of shareholders' funds.

The Board's guidelines are within the borrowing limits set by the Company's Articles of Association, being 100% of shareholders' funds. Maximum gross and commitment leverage, calculated in accordance with the requirements under the AIFM Directive as inclusive of borrowings and exposure to derivatives (see above), shall similarly not exceed 200%, being equivalent to 100% of shareholders' funds.

Material changes to leverage policies must be agreed by the Board and will be notified to shareholders via the Company's website and its Annual Report and Accounts.

The total level of leverage employed by the Company is updated regularly on the "Monthly Factsheet" published on the Company's website.



## **Investment Policy and Strategy**

The Company's Investment Strategy and Policy are set out in the Strategic Report section of the Annual Report and Accounts, which can be found on the Company's website.

The Company is required to obtain the prior approval of shareholders, by ordinary resolution, to any material change to its published Investment Policy. The Company will announce any such change through a Regulatory Information Service.

## **Dividend policy**

The Company pays dividend distributions quarterly to shareholders. The fourth and final dividend in respect of each financial year is subject to a vote by shareholders at the Company's Annual General Meeting. Dividend payments are announced through a Regulatory Information Service. The Annual Report and Accounts on the Company's website contains details of dividends paid and proposed in respect of the relevant financial year.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **The Alternative Investment Fund Manager ("AIFM")**

The Manager is the Company's AIFM and is a Scottish incorporated company. Its directors are David Sloper, David Logan, Richard Watts, Tina Watts, Marrack Tonkin, Robert Thorpe and Joan Mohammed. The Manager is a subsidiary of BMO Global Asset Management (Holdings) PLC ("**BMO Holdings**"), which is 100% owned by BMO Global Asset Management (Europe) Limited ("**BMO Europe**"). BMO Europe is part of BMO Financial Group, a highly diversified financial services provider based in North America owned by Bank of Montreal.

The directors of BMO Holdings, which is incorporated in the United Kingdom, are Gilles Ouellette, Barry Cooper, William (Bill) Smith, Richard Wilson, Charlie Porter, David Logan, Ruth Sack, Kieran Poynter and Joan Mohammed. It has its offices at 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG, Scotland.

The Company has a management agreement with the Manager whereby it acts as AIFM to the Company in accordance with the requirements of the AIFM Directive, which includes the provision of discretionary investment management services and risk oversight and management services in relation to the Company's investment portfolio. In addition to its duties as AIFM, the Manager also provides company secretarial, accounting, marketing and administrative services to the Company.

The Manager's remuneration for its services is based on a rate of 0.35% per annum of the market capitalisation of the Company up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion, calculated at each month end on a pro-rata basis; the fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. Variable fees payable in respect of third party sub-managers are also reimbursed.

Further details of the fees can be found in the Annual Report and Accounts on the Company's website.

The management agreement may be terminated by either party giving to the other not less than six months' notice in writing.



## **Remuneration policy of the AIFM**

In accordance with the AIFM Directive, BMO Investment Business Limited (formerly F&C Investment Business Limited), the designated Alternative Investment Fund Manager ("AIFM") for F&C Investment Trust PLC, has adopted a remuneration policy which is consistent with the remuneration principles applicable to AIF management companies and aligned with the BMO Global Asset Management (EMEA) Remuneration Policy. The size of the AIFM and the size of the funds it manages, the internal organisation and the nature, the scope and the complexity of their activities have been taken into consideration in this disclosure.

### Remuneration policy

The purpose of the AIFM's remuneration policy is to describe the remuneration principles and practices within the AIFM and for such principles and practices:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the AIFM;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the AIFM;
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the AIFM; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

### Decision making and governance

The board of directors (the "Board") of the AIFM is responsible for the remuneration policy of the AIFM and for determining the remuneration of the directors of the AIFM and other staff who undertake professional activities for the AIFM. The Board has delegated to the Risk and Remuneration Committee (the "Committee") of BMO Asset Management (Holdings) plc (formerly F&C Asset Management plc) responsibility for maintaining a compliant remuneration policy. The Committee solely comprises non-executive directors of BMO Asset Management (Holdings) plc. The Board has adopted the remuneration policy applicable to all members of the Group ("BMO Global Asset Management (EMEA)") for this financial year as reviewed and approved by the Committee periodically (at least annually). The Committee is responsible for, and oversees, the implementation of the remuneration policy in line with the AIFMD Regulations. The Board considers that the members of the Committee have appropriate expertise in risk management and remuneration to perform this review.

### Applicability

The remuneration policy, which incorporates compliance with AIFMD requirements applies to staff whose professional activities have a material impact on the risk profile of the AIFM or of the funds it manages ("Identified Staff") and so covers:

- a) senior management;
- b) risk takers;
- c) control functions; and



- d) employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the AIFM.

The Identified Staff list and the selection criteria above are subject to regular review (at least annually) by the Committee as well as formally reviewed in the event of significant organisation changes and changes in remuneration regulations the AIFM is subject to.

#### Linking remuneration with performance

The AIFM's remuneration policy is part of the BMO Global Asset Management (EMEA) framework for promoting sound remuneration management, with the objective of providing total compensation to its employees that is warranted by corporate, business unit/function and individual performance and is comparable to market competitors, whilst being consistent with and promoting sound and effective risk management and the achievement of fair outcomes for all customers. Its purpose is to facilitate achievement of the business objectives and corporate values of the AIFM, with the primary focus on clients, whilst ensuring that BMO Global Asset Management (EMEA) is able to attract, retain and motivate the key talent required to achieve these business objectives and corporate values without incentivising excessive or inappropriate risk.

When setting remuneration levels, the following components and principles form part of the remuneration management framework:

- Fixed remuneration is determined taking into account factors including the requirements of the particular role and the staff member's experience, expertise, contribution level and the fixed pay for comparable roles. Fixed remuneration is set, with reference to market data, at a level that is sufficient to attract high calibre staff as well as to permit the operation of a fully-flexible remuneration policy (including the possibility of a staff member receiving reduced or no variable remuneration in a particular year). The Committee keeps the balance between fixed and variable remuneration under review.
- Variable remuneration is determined annually by reference to both financial and non-financial AIFM performance considerations. External competitor practices are included in the funding review to ensure compensation opportunities in the markets within which the AIFM operates are given due consideration and retention risks are effectively managed. Incentive funding is developed in view of current and projected economics and risks, supported by BMO Global Asset Management (EMEA) Audit and Compliance Committee inputs, ensuring risk-adjustments and qualitative and quantitative considerations, such as the cost and quantity of capital and liquidity are actively considered as funding adjustments. The Committee ensures that all incentive awards are not paid through vehicles or methods that facilitate the avoidance of the requirements with regard to remuneration imposed by applicable law and/or regulations.
- Variable remuneration is allocated to respective business functions by reference to:
  - contribution of the respective business function or unit to corporate performance;
  - business function performance relative to pre-determined targets and objectives, including adherence to risk management obligations; and
  - competitive market pay data.

Individual award allocations are referenced to the individual achievement during the performance year relative to pre-agreed objectives and assessment of market comparability. Performance is assessed in relation to pre-agreed objectives, which include financial and non-financial goals (including the achievement of fair customer



outcomes), compliance with the BMO Group’s policies and procedures, adherence to risk management and compliance requirements and the BMO Code of Conduct. The assessment of performance for Identified Staff reflects multi-year performance in a manner appropriate to the life-cycle of the funds that are managed by the AIFM.

- Application of Financial Conduct Authority’s Handbook (SYSC 19B: AIFMD Remuneration Code) pay-out process rules, save for disapplication at individual or AIFM level, which is determined by an annual proportionality assessment.

Quantitative remuneration disclosure

The total remuneration paid by BMO Investment Business Limited to its staff is zero, as all AIFM staff are employed by other companies in BMO Global Asset Management (EMEA).

The table below provides an overview of aggregate total remuneration paid to AIFM Identified Staff in respect of the proportion of their pay aligned to their AIFM responsibilities. It is not possible to apportion remuneration by individual Identified Staff working on a specific investment fund, therefore figures are provided in aggregate on an AIFM basis.

|   | <b>Number of individuals</b> | <b>Fixed Remuneration £m</b> | <b>Variable Remuneration £m</b> | <b>Total Remuneration £m</b> |
|---|------------------------------|------------------------------|---------------------------------|------------------------------|
| <b>BMO Investment Business Limited Remuneration of AIFMD Identified Staff</b> | <b>48</b>                    | <b>0.751</b>                 | <b>1.694</b>                    | <b>2.445</b>                 |
| of which:   |                              |                              |                                 |                              |
| Senior Management   | 24                           | 0.143                        | 0.376                           | 0.519                        |
| Other Code Staff  | 24                           | 0.608                        | 1.318                           | 1.926                        |

*Notes on the quantitative remuneration disclosure*

Total remuneration reported is the sum of salary, cash bonus, any deferred annual bonus, value of any long-term incentive awards granted in respect of performance in the reportable financial year, plus the value of any applicable cash allowances.

“Senior Management” are defined in this table as the AIFM Directors, Executive and Non-Executive Directors and Group Management Team members of BMO Global Asset Management. “Other Code Staff” includes all other identified Code staff in business areas, internal control functions and corporate functions.

The Identified Staff disclosure represents total compensation of those staff who are fully or partly involved in the activities of the AIFM funds, apportioned to the estimated time relevant to the AIFM or to the amount attributable to the AIFM allocated on an AUM basis.

**Delegation**

The table below sets out those other entities to which BMO Investment Business Limited has delegated portfolio and/or risk management activities and BMO Investment Business Limited’s assessment of the extent to which the delegate is subject to equivalent regulatory requirements for remuneration.

| Delegated Entity                                | Location | Assessment of extent to which regulatory requirements are equivalent.   |
|---|----------|---|
| Barrow, Hanley, Mewhinney & Strauss             | USA      | Not equivalent; contractual arrangements have been entered into to ensure the delegate's staff are subject to equivalent remuneration requirements. |
| T Rowe Price Global Investment Services Limited | UK       | Equivalent under Capital Requirements Directive.  |

### AIFM activities

The following table provides an overview of the size and composition of the funds managed by the AIFM, including F&C Investment Trust PLC. This shows the total number of funds managed, the split between, and proportions of AIF and UCITS.

|                              | Number of funds | AUM as at 31 October 2018 (GBP) | % of AUM as at 31 October 2018 |
|------------------------------|-----------------|---------------------------------|--------------------------------|
| Alternative Investment Funds | 17              | 9,631,829,347                   | 100%                           |
| UCITS                        | 0               | 0                               | 0%                             |
| <b>Total</b>                 | <b>17</b>       | <b>9,631,829,347</b>            | <b>100%</b>                    |

### The Depositary

The Company has appointed J.P. Morgan Europe Limited (JPMEL) to provide depositary services, under the AIFM Directive, under the terms of a depositary agreement dated 22 July 2014 to which both the Company and the AIFM are parties. The services provided by JPMEL as depositary for the Company include:

- general oversight responsibilities over the issue and cancellation of the Company's share capital, the carrying out of net asset value calculations, the application of income, and the ex-post review of investment transactions;
- monitoring the Company's cash flows and ensuring that all cash is booked in appropriate accounts in the name of the Company or the Manager or JPMEL acting on behalf of the Company; and
- ensuring that J.P. Morgan Chase Bank Limited (JPMCB) (to whom JPMEL has delegated the safekeeping of all assets held within the Company's investment portfolio, including those classed as financial instruments for the purpose of the AIFM Directive, in accordance with the terms of a Global Custody Agreement to which both the Company and the AIFM are also a party) retains custody of the Company's financial instruments in segregated accounts so that they can be clearly identified as belonging to the Company and maintains records sufficient for verification of the Company's ownership rights in relation to assets other than financial instruments. No specific





conflicts have been identified as arising as a result of the delegation of the provision of custody and safekeeping services by JPMEEL to JPMCB.

The terms of the Depositary agreement provide that the Depositary shall ensure that the Custodian or any other custodial delegate cannot make use of the Company's assets.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to JPMEEL, in the event of loss of those assets that constitute financial instruments under the AIFM Directive, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary receives an annual fee for its services of 1 basis point on the first £1,000 million of the Company's net assets and 0.25 basis points on net assets in excess of that amount, payable monthly in arrears.

The depositary agreement in place with JPMEEL and the related custody agreement in place with JPMCB continues unless and until terminated: without cause upon the Company giving not less than 90 days' notice and upon JPMEEL giving not less than 120 days' notice, in each case such notice to be effective no earlier than the first anniversary of the effective date.

The Depositary's duties are owed to the Company and not directly to investors in the Company, whether individually or in groups. Accordingly, investors may not bring any action or make a claim against the Depositary under the depositary agreement.

### **The Auditor**

Ernst & Young LLP ("EY") provide audit, audit-related assurance services and taxation compliance services to the Company. Their Audit Report in respect of the Financial Statements of the Company, and the fees for its services, are set out in the Annual Report and Accounts on the Company's website.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's Articles of Association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

### **The Share Registrar**

Computershare Investor Services Limited is responsible for maintaining the Company's share register, including keeping up to date the names and addresses of shareholders, receiving and recording proxies at the Company's Annual General meeting, and paying dividends on the due date to shareholders on the register in accordance with instructions from the Company. The fees paid to the Registrar are variable and are set out in the Annual Report and Accounts on the Company's website.

### **Outsourcing and delegation of functions by the AIFM**

The AIFM has outsourced responsibility for management of that part of the Company's investment portfolio which is invested in the United States to T. Rowe Price International Ltd



and Barrow, Hanley, Mewhinney and Strauss LLC. T. Rowe Price International Ltd has in turn sub-delegated to T. Rowe Price Associates, Inc. Fees in respect of these services are paid to these companies by the AIFM and reimbursed by the Company to the AIFM, as described in the Annual Report and Accounts; and

The AIFM has outsourced settlement, corporate action, reconciliation and certain other administrative and record-keeping functions to State Street Bank and Trust Company. Fees for these services are paid by the AIFM and are not reimbursed by the Company.

The Company has not identified any conflicts of interest in these relationships.

BMO Asset Management Limited, an associate of the AIFM, trades securities and financial derivatives with brokers and other market counterparties as agent on behalf of the Company on a delegated basis.

The duties of the delegates are owed to the Company and not directly to investors in the Company, whether individually or in groups. Accordingly, investors may not bring any action or make a claim against the services agreements with those delegates.

## **SHAREHOLDER INFORMATION**

### **Reports and Accounts**

Copies of the Company's latest Annual and Interim Reports may be accessed at [www.fandcit.com](http://www.fandcit.com) or by writing to the Company Secretary at its Registered Office address, Exchange House, Primrose Street, London EC2A 2NY.

### **Publication of net asset values and share prices**

The previous business day's cum- and ex-income net asset values of the Company are published each business day through a Regulatory Information Service and may also be accessed at [www.fandcit.com](http://www.fandcit.com) under "Regulatory News". The current share price is also published on the website.

### **Valuation Policy**

The Company's valuation policy in respect of its listed and unlisted investments and derivatives is contained within the Accounting Policies note in the Annual Report and Accounts published on the Company's website which can be accessed at [www.fandcit.com](http://www.fandcit.com).

### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's Annual Reports and Accounts and monthly factsheets, which are available at [www.fandcit.com](http://www.fandcit.com).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of shares by investors**

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange. The value at which shares trade



on the London Stock Exchange may be below (at a “discount” to) or above (at a “premium” to) the net asset value per share of the Company.

The Company’s shares are not redeemable. While the Company intends at each Annual General Meeting to request shareholder authority to issue and to buy back shares, shareholders do not have the right to have their shares re-purchased by the Company or to have new shares issued to them.

The AIFM with the approval of the Company maintains a series of savings plans operated by BMO Asset Management Limited as plan manager through which investors located in the United Kingdom can make regular or lump sum payments to purchase and subsequently hold or sell shares in the Company in a savings plan account. The savings plans are administered on behalf of the AIFM by DST Systems (“DST”) and details are contained in the Annual Report and Accounts and at [www.fandcit.com](http://www.fandcit.com).

The AIFM must provide an up to date Key Investor Document (“KID”) under the EU Packaged Retail Insurance and Investment Products (“PRIIPs”) regulation. Investors should read this document before purchasing shares in the Company. Investors buying through the savings plan account must confirm they have read the latest version of the KID prior to proceeding with any investment in the Company. The KID can be found at [www.bmogam.com/literature](http://www.bmogam.com/literature).

#### **Legal implications of contractual relationship**

The rights, obligations and relationships of the members of the Company shall be governed by the law of England and Wales and subject to exclusive jurisdiction of the courts of England and Wales.

The English courts generally recognise judgements obtained in the courts of another jurisdiction (subject to, inter alia, the legislation on the recognition of judgements referred to below, the rules of the English courts in relation to the recognition and/or enforcement of foreign judgements and such judgements not being contrary to public policy in England). The exact rules, on the recognition and enforcement of foreign judgements, depend on the jurisdiction in which such judgements are obtained. Legislation providing for the reciprocal recognition of foreign judgements in England includes: Civil Jurisdiction and Judgements Act 1982/EU Council Regulation EC no. 44/2001 (“CJJA”) in respect of all EU countries other than Denmark (with equivalent provisions applying to Denmark, Iceland, Norway and Switzerland as signatories to the Brussels and Lugano Conventions, both of which Conventions are covered by the CJJA reciprocal enforcement provisions); Foreign Judgements (Reciprocal Enforcement) Act 1933 in respect of those jurisdictions covered by the CJJA, Israel, Suriname and Tonga and to judgements of the recognised courts of the Commonwealth countries of Australia, the Federal Court of Canada and any courts in most of the provinces of Canada as well as Guernsey, the Isle of Man, the Bailiwick of Jersey, certain territories of the Republic of India and Pakistan; and the Administration of Justice Act 1920 in respect of the superior courts of Commonwealth countries and British Overseas Territories within 12 months from the date of the relevant judgement.

In respect of all other jurisdictions (including the United States), judgements are not automatically enforceable in England and would be required to be enforced in England under common law.

#### **Fees and expenses**

The fees and expenses which will be borne by the Company and investors are limited as set out above, but there is no formal cap on their level. Fees and expenses are analysed within the financial statements in the Company’s Annual Report and Accounts published on the Company’s website which can be accessed at [www.fandcit.com](http://www.fandcit.com).



### **Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The FCA Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, each Director has statutory duties under the Companies Act 2006 with which they must comply, including a duty to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors. Furthermore, the AIFM does not give preferential treatment to any investors who open savings plan accounts for the purpose of investing in the shares of the Company and it is obliged under the rules of the FCA to ensure that all investors in the savings plans are treated fairly. Oversight of its compliance with the aforementioned rules and the achievement of fair outcomes for investors is undertaken by the BMO Group Treating Customers Fairly Committee and through the operation of an embedded complaints handling procedure.

## **RISK FACTORS AND RISK MANAGEMENT**

### **Risk profile**

The Company's key risks and the procedures in place for the management of those risks are set out in the Annual Report and Accounts on the website under "Principal Risks and Future Prospects" and under the Report of the Audit Committee.

The Company reports in its Interim Report and Accounts, which can be found at [www.fandcit.com](http://www.fandcit.com), whether the key risks have changed since the year end.

### **Liquidity risk management**

The AIFM and the Directors have in place a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations in respect of investment settlements, private equity commitments, share buybacks, loan repayments, dividend payments and other operating costs.

The majority of the Company's portfolio of investments is liquid. Illiquid assets of the Company are likely to include investments in private equity funds managed by Pantheon Ventures Limited and HarbourVest Partners LLC. The Company's website contains a full list of investments and the Annual Report and Accounts carry further details of the private equity portfolio.

A list of pre-approved counterparties, selected on strict criteria, is maintained by the AIFM. Cash and deposits must be held with approved banks with a minimum rating as set by the Company from time to time.

Investors will be notified by way of a disclosure on the website in the event of any material changes being made to the liquidity management systems and procedures, or where any new arrangements for managing the Company's liquidity are introduced.

### **Professional negligence liability risks**

The AIFM is covered under professional indemnity insurance.

