

Manager Commentary  
Paul Niven



During August, our net asset value (NAV) return was 4.4% and shareholder returns were 5.1%, in comparison with the FTSE All World Index return of 4.1%. Equities market returns globally were generally positive, with developed markets outperforming emerging markets against a backdrop of ongoing policy support and better-than-expected second-quarter earnings. However, COVID-19 infection rates in parts of Europe continued to climb, while growth in numbers of US cases appeared to have peaked.

COVID-19 case numbers worsened in parts of Europe, notably Spain and France, while new hotspots in India and parts of Australia have emerged, with a lockdown reinstated in the state

of Victoria. On the more positive side, several major potential vaccines are in third-phase trials, with results expected in the coming months. Policy support remains in place, with central banks maintaining low interest rates and liquidity support. On the fiscal side, there was little progress in the US on agreeing a new support package, and time is running out before many of the substantial fiscal measures implemented earlier in the year expire. In Germany, however, there was more positive news as the coalition government agreed to an extension of COVID-19 relief measures. The second-quarter earnings season beat (low) expectations substantially, but the outlook is still highly uncertain.

Performance across all of our strategies was positive in absolute terms over the month, with notably strong absolute returns from both our external US Growth manager, T. Rowe Price, and our Japan strategy. Meanwhile, relative returns from our emerging-markets strategy were also positive. Salesforce was a top performer for the Trust this month, with our overweight position at the fund level benefiting overall returns given the stock's strong performance in August. An overweight in

Facebook and Mastercard also helped returns. In contrast, zero exposure to Tesla and an underweight in Apple detracted from relative returns.

We ended the month at a discount of 8.2%, having averaged a discount of 8.3% over August.

Looking forward, it is impossible to predict with confidence what the economic and corporate backdrop will look like over the next year. Countries and companies face many challenges and it is likely that equity markets will have to navigate some aftershocks, both economic and virus-related, over the coming months. Nonetheless, F&C Investment Trust has a tremendous advantage through our corporate structure, which makes us well placed to withstand further market volatility. While we cannot tell with certainty when the current crisis will end, as always, we remain focused on the long-term opportunities, for the benefit of our shareholders.

## Key facts as at 31.08.2020

**Trust aims:** The objective of the trust 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.

**Trust highlights:** The first ever investment trust, launched in 1868. A diversified portfolio gives exposure to most of the world markets. Invests in more than 500 companies in 35 countries. Among the largest investment trusts in its sector.

**Benchmark:** FTSE All World TR Index

**Fund type:** Investment Trust

**Launch date:** 1868

**Total assets:** £4.5 billion

**Share price:** 700.00p

**NAV:** 762.14p

**Discount/Premium(-/+):** -8.15%

**Dividend payment dates:** Feb, May, Aug, Nov

**Net dividend yield †:** 1.7%

**Net gearing\*:** 9%

**Management fee rate\*\*:** 0.35% p.a. based on Market Capitalisation up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion

**Total expenses:** 0.53%

**Ongoing charges\*\*:** 0.63%

**Year end:** 31 December

**Sector:** Global

**Currency:** Sterling

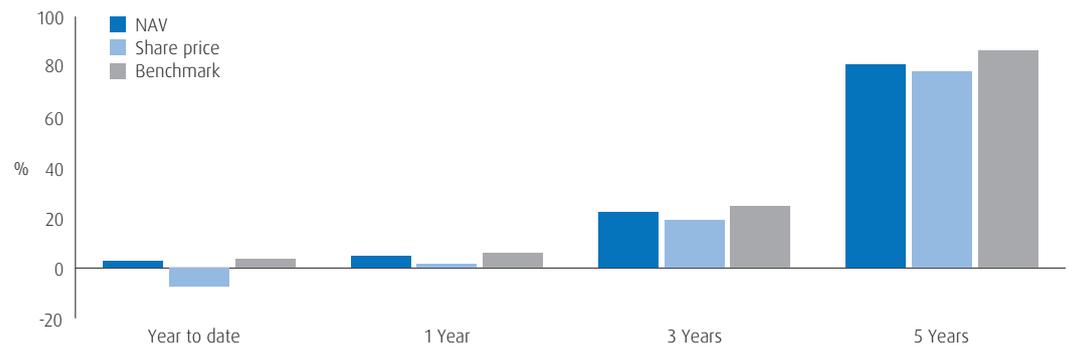
**Website:** fandcit.com

\*\* Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.



Lines may be recorded

## Fund performance as at 31.08.2020



## Cumulative performance (%) as at 31.08.2020

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	4.37	2.45	4.60	21.95	80.86
<b>Share price</b>	5.11	-7.34	1.41	18.93	78.11
<b>Benchmark</b>	4.10	3.43	5.94	24.21	86.26

## Discrete annual performance (%) as at 31.08.2020

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
<b>NAV</b>	4.60	3.50	12.64	21.13	22.44
<b>Share price</b>	1.41	-2.26	19.99	26.21	18.66
<b>Benchmark</b>	5.94	6.29	10.31	19.05	25.96

## Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Where investments are made in emerging markets their potential volatility may increase the risks to the value of and the income from the investment. Political or economic change may be more likely to occur and have a greater effect on the economies and markets of the emerging countries. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. The fund may invest in private equity funds which are not normally available to individual investors, exposing the fund to the performance, liquidity and valuation issues of these funds. Such funds typically have high minimum investment levels and may restrict or suspend redemptions or repayment to investors. The asset value of these private equity funds and prospects may be more difficult to assess. If markets fall, gearing can magnify the negative impact on performance.

## Past performance is not a guide to future performance.

Source: Lipper and BMO. Basis: Percentage growth, Total return, net income reinvested. The discrete annual performance table refers to 12 month periods, ending at the date shown.

We previously reported benchmark performance using the gross version of the FTSE All World but, from 1 January 2020, show performance against the net FTSE All World which reflects the impact of withholding taxes.



Trust codes	
Stock exchange	FCIT
Sedol	346607
Legal Entity Identifier	213800W6B18ZHTNG7371

Net dividend distributions pence per share						
	2015	2016	2017	2018	2019	2020
February	2.20	2.30	2.45	2.70	2.80	2.90
May	2.70	2.70	2.70	2.70	2.80	2.90
August/September	2.30	2.35	2.50	2.70	2.90	2.90
November	2.30	2.35	2.50	2.70	2.90	-
<b>Total</b>	<b>9.50</b>	<b>9.70</b>	<b>10.15</b>	<b>10.80</b>	<b>11.40</b>	<b>8.70</b>

Asset allocation including Private Equity (%)	
UK equity	4.5
Europe ex UK equity	13.8
North America equity	61.1
Japan equity	6.9
Pacific ex Japan equity	2.1
Emerging markets equity	11.2
Liquidity	0.4
<b>Total</b>	<b>100.0</b>

All figures are subject to rounding.

Glossary	
<b>Bid price</b>	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
<b>Dividend</b>	Income paid to shareholders by the company they invest in.
<b>Net asset value</b>	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

20 largest listed equity holdings (%)	
	Percentage of total Investments
Amazon	3.8
Microsoft	2.6
Apple	2.3
Facebook	2.2
Alphabet	2.0
Alibaba	1.2
Mastercard	1.2
Paypal	1.2
Visa	1.0
UnitedHealth	0.8
Salesforce	0.8
Taiwan Semiconductor Manufacturing Company	0.8
Servicenow	0.8
Broadcom	0.7
SAP	0.7
Netflix	0.7
Tencent	0.7
Thermo Fisher Scientific	0.6
Nvidia	0.6
Intuit	0.6



All data as at 31.08.2020 unless otherwise stated.

All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets. † The yield is calculated on an historic basis using the actual dividends paid during the last twelve months and the closing share price as at the end of the relevant month. \* Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. \*\*Ongoing charges and management fee information as at the end of 31 December 2019. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895 (09/20).