



Manager Commentary Paul Niven



During December our net asset value (NAV) fell by 6.7%, in line with the 6.8% decline in the FTSE All World Index. Shareholder returns were -8.0%.

Global markets posted wild swings in performance over the month as volatility rose sharply. Equities suffered from concerns over a growth slowdown, with investors speculating that movements in the bond market could be an indication that the US economy was headed for a recession; this hit financial stocks in the US. Energy shares lost ground as crude oil prices continued to fall. Survey data on US economic activity deteriorated as fears mounted over the impact of the trade war with China. This was despite US President Trump and Chinese President Xi agreeing

a temporary truce to facilitate negotiations. Domestic political uncertainty also impacted US equities, with the US government entering a partial shutdown towards month-end as Democrat lawmakers opposed President Trump's plans to fund a border wall with Mexico. Despite vocal objections from President Trump, the US Federal Reserve raised interest rates by 0.25%, to 2.5%.

Elsewhere, the Italian government agreed a compromise with the EU to rein in its spending plans for 2019. French President Macron cancelled a fuel tax rise amid violent protests. Fears of a no-deal Brexit grew as the UK government appeared divided over withdrawal terms and Prime Minister Theresa May postponed a key parliamentary vote. The European Central Bank ended its bond-buying programme as expected, but also lowered its growth forecasts.

Emerging markets fell in sterling terms but outperformed global averages. China was again a laggard as it was impacted by weak domestic economic data and concerns over the impact of the trade war with the US.

Over the month, we made some changes to the portfolio, selling out of our portfolio of third party global equity funds, which had

comprised around 8% of our assets. Some proceeds were used to reinvest into global smaller companies, which have lagged large cap stocks and US equities, with exposure to both value and growth stocks raised. In addition, we used some of the cash to repay a short term loan that matured towards the end of the month.

We ended the year at a modest discount of 1.5%, having averaged a discount of 1.3% over 2018. Our share price total return fell modestly, by 0.6%, while our NAV returns were in line with the FTSE All World, falling by 3.3%.

2018 saw the worst returns in global equities since the global financial crisis. However, we believe that sharp falls in many stocks have improved valuation metrics in a number of areas and, providing that growth remains on a positive path globally, think that 2019 may see better returns than the year just past. Nonetheless, we believe the cycle is mature and the bull market in stocks is extended. We expect that volatility will remain heightened in coming quarters and continue to invest in a range of diversified underlying stock selection strategies. It's our opinion that we remain well placed to withstand any further short term volatility in markets.

Key facts as at 31.12.2018

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: £3.8 billion

Share price: 633.00p

NAV: 642.47p

Discount/Premium(-/+): -1.47%

Dividend payment dates: Feb, May, Aug, Nov

Net dividend yield †: 1.7%

Net gearing*: 7%

Management fee rate:** 0.365% p.a. based on Market Capitalisation

Total expenses: 0.52%

Ongoing charges:** 0.79%

Year end: 31 December

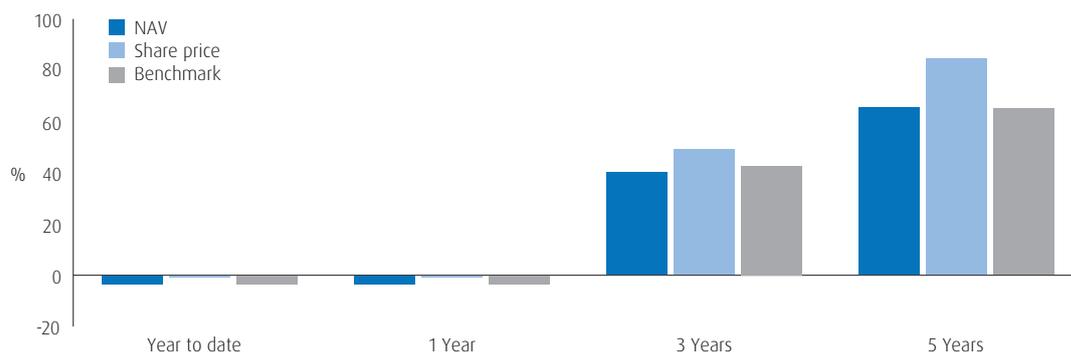
Sector: Global

Currency: Sterling

Website: fancit.com

** Ongoing charges calculated in accordance with AIC recommendations.

Fund performance as at 31.12.2018



Cumulative performance (%) as at 31.12.2018

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-6.65	-3.32	-3.32	39.98	65.27
Share price	-7.99	-0.57	-0.57	48.91	84.28
Benchmark	-6.80	-3.44	-3.44	42.41	64.91

Discrete annual performance (%) as at 31.12.2018

	2018/2017	2017/2016	2016/2015	2015/2014	2014/2013
NAV	-3.32	16.75	24.01	7.62	9.71
Share price	-0.57	21.05	23.72	9.01	13.53
Benchmark	-3.44	13.84	29.56	4.04	11.30

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.

Lines may be recorded

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

Net dividend distributions pence per share						
	2013	2014	2015	2016	2017	2018
February	2.00	2.10	2.20	2.30	2.45	2.70
May	2.50	2.70	2.70	2.70	2.70	2.70
August/September	2.10	2.20	2.30	2.35	2.50	2.70
November	2.10	2.20	2.30	2.35	2.50	2.70
Total	8.70	9.20	9.50	9.70	10.15	10.80

Asset allocation including Private Equity (%)	
UK equity	7.4
Europe ex UK equity	15.9
North America equity	50.1
Japan equity	9.9
Pacific ex Japan equity	2.2
Emerging markets equity	11.4
Liquidity	3.1
Total	100.0

All figures are subject to rounding.

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

Twenty largest Holdings (%)	
	Percentage of total Investments
Amazon	2.1
Microsoft	1.8
PE Investment Holdings 2018 LP	1.7
Alphabet	1.3
UnitedHealth	1.2
Anthem	1.1
Pfizer	0.9
Boeing	0.8
JPMorgan Chase	0.8
Novo Nordisk	0.8
Visa	0.8
Lowe	0.8
Facebook	0.8
Comcast	0.8
Dollar General	0.7
CVS Health	0.7
Syncona	0.7
Chevron	0.7
Utilico Emerging Markets	0.7
Mastercard	0.6



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All data as at 31.12.2018 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 2017. 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. 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 (01/19).