



Manager Commentary Paul Niven



During July, our net asset value (NAV) return was 4.2% and shareholder returns were 4.3%, compared with the FTSE All World Index's gain of 4.3%.

After strong performance in June, equity markets made further progress in July, with the US again leading the way. Our returns were boosted by weakness in sterling, which declined by more than 4% against the US dollar over the month. A fall in the domestic currency, all else being equal, will enhance our NAV returns, given the high weighting within our portfolio to overseas assets.

The decline in sterling, close to a multi-decade low, coincided with the ascent of Boris Johnson, a key figure in the 'Vote Leave' campaign, to the position of prime minister. He pledged to leave the EU by 31 October, 'deal or no deal'. This uncompromising stance has seen the odds of a 'no deal' exit increase, and has weighed on sterling.

Globally, markets looked to the US Federal Reserve (Fed), which delivered its first interest-rate cut, of a quarter point, in over a decade. Nonetheless, expectations were such that the Fed's move was seen as 'hawkish', with no clear commitment to any further easing of policy. Markets had aggressive expectations of future rate cuts which did not match those of Chairman Powell. He indicated a greater sense of data dependency going forward, and said that this cut should be characterised as a 'mid cycle adjustment to policy' rather than 'the beginning of a lengthy cutting cycle'.

Global economic data was mixed, with some improvements in the US labour market, as well as reasonable retail sales data and manufacturing output. The US-China trade war continues to rumble on; the temporary 'truce' that existed in July has rapidly disappeared, weighing on markets.

European data, in contrast to the US, saw continued deterioration, particularly in manufacturing. The euro area manufacturing indices fell, driven by the ongoing slump in German manufacturing, where factory orders and factory sales were very weak. Meanwhile, the IFO (the main business climate index) also fell. The European Central Bank remained on hold, but suggested that September rate cuts, along with deposit tiering and a restart of asset purchases (QE), are part of the policy toolbox. The central bank's president, Mario Draghi, steps down this year, with Christine Lagarde (the former head of the IMF)

confirmed to take over in October; she is expected to follow Draghi's dovish approach. Emerging-market equities underperformed developed markets in July, particularly Asia as protests in Hong Kong and trade tensions hurt performance. Despite this, Chinese economic data is showing signs of improvement. Monthly data highlighted a pick-up in economic activity towards the end of the second quarter, as June's industrial production as well as domestic demand beat expectations.

We ended the month at a discount of 3.9%, wider than our 1.5% starting point for the year. This short-term widening in our discount has negatively impacted shareholder returns, although our discount is at relatively low levels compared with recent years.

Equity markets have posted strong gains in the year to date, fully recovering the losses suffered in the latter part of 2018. Despite the recent recovery, valuation metrics in a number of areas remain reasonable and, providing that growth stays on a positive path globally, equities can continue to make further progress. Nonetheless, the cycle is mature and the bull market in stocks is extended, with sentiment vulnerable to short-term shocks. We expect that volatility will be heightened in the coming quarters, and we continue to invest in a range of diversified underlying stock-selection strategies. We remain well placed to withstand any further short-term volatility in markets and continue to focus on longer-term opportunities.

Key facts as at 31.07.2019

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: 728.00p

NAV: 757.49p

Discount/Premium(-/+): -3.89%

Dividend payment dates: Feb, May, Aug, Nov

Net dividend yield †: 1.5%

Net gearing*: 8%

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: 0.56%

Ongoing charges:** 0.65%

Year end: 31 December

Sector: Global

Currency: Sterling

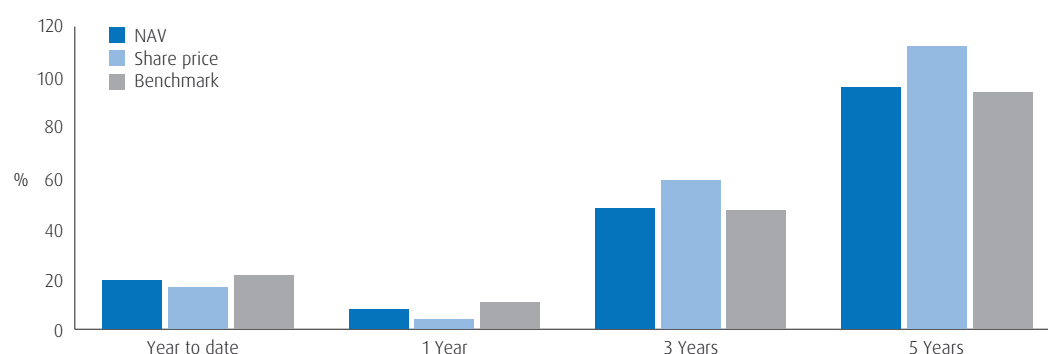
Website: fandcit.com

** 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 31.07.2019



Cumulative performance (%) as at 31.07.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	4.31	19.34	7.70	47.64	95.85
Share price	4.28	16.45	3.63	58.69	112.10
Benchmark	4.25	21.39	10.64	46.91	93.77

Discrete annual performance (%) as at 31.07.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	7.70	13.43	20.85	14.04	16.33
Share price	3.63	21.18	26.36	11.14	20.27
Benchmark	10.64	12.06	18.49	17.81	11.96

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.



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

Net dividend distributions pence per share						
	2014	2015	2016	2017	2018	2019
February	2.10	2.20	2.30	2.45	2.70	2.80
May	2.70	2.70	2.70	2.70	2.70	2.80
August/September	2.20	2.30	2.35	2.50	2.70	2.90
November	2.20	2.30	2.35	2.50	2.70	-
Total	9.20	9.50	9.70	10.15	10.80	8.50

Asset allocation including Private Equity (%)	
UK equity	6.2
Europe ex UK equity	15.5
North America equity	55.6
Japan equity	8.5
Pacific ex Japan equity	2.0
Emerging markets equity	11.0
Liquidity	1.2
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	2.2
Microsoft	1.9
PE Investment Holdings 2018 LP	1.7
Alphabet	1.3
Facebook	1.3
UnitedHealth	1.0
Anthem	1.0
Comcast	0.9
Visa	0.9
Dollar General	0.8
Mastercard	0.8
JPMorgan Chase	0.8
Chevron	0.7
Alibaba	0.7
Utilico Emerging Markets	0.7
Lowe	0.7
Apple	0.7
Boeing	0.7
Air Products & Chemicals	0.7
AstraZeneca	0.6



All data as at 31.07.2019 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 2018. 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 (08/19).