



Manager Commentary Paul Niven



During February, our net asset value (NAV) return was -5.6% and shareholder returns were -9.1%, in comparison to the FTSE All World Index return of -5.2%. Over the month, gearing detracted from returns, alongside a rise in the fair value of our debt due to declining gilt yields.

Covid-19 (coronavirus) has dominated newsflow and been a key driver of market returns over February. Equity markets began the month strongly on optimism of containment and a view that the negative effects of the outbreak would be temporary, alongside a backdrop of generally positive economic data and a better-than-expected earnings season. However, sentiment has shifted, and fears of a full-blown global pandemic have increased as the

rate of new cases outside China has accelerated. This resulted in a sharp sell-off in equities at the end of the month, and the worst week for markets since the global financial crisis. We are seeing companies from airlines to banks cutting earnings guidance, which increases the likelihood of global central bank intervention.

Economic data saw some improvement initially, with better manufacturing momentum indicated for February in the UK and eurozone, and stronger housing data from the US. There was, however, a notable deterioration in Chinese data following the hit to the economy from coronavirus.

Despite politics currently taking a backseat in terms of the market focus, it was noteworthy that in the US, the moderate Democratic candidate Joe Biden has regained momentum following a big win in South Carolina. Regarding Brexit, the UK and EU are now heading into negotiations of a future relationship and trade deal. There are already signs that the process will not be smooth, and we can expect rising tensions between the two sides in the months ahead.

Equity markets ended February down, but our European, external US value manager (Barrow Hanley) and external US growth manager (T Rowe Price) all saw positive relative performance. We ended February at a discount of 3.8%, having averaged a premium of 0.1% over the month, with the bulk of this de-rating occurring in the final days of February as the market sold off.

At this stage, we do not think Covid-19 will tip us into an extended bear market, although recessionary risks have materially risen and the short-term outlook is mired in uncertainty. Were there to be a downturn, we would not expect it to be overly deep or prolonged. While this is not our base case, investors should prepare for the end of the long bull market. We are still finding plenty of opportunities and remain well placed to withstand the inevitable short-term volatility. We retain our long-term focus and believe equity markets will continue to deliver attractive returns for the patient investor.

Key facts as at 29.02.2020

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: £4.3 billion

Share price: 672.00p

NAV: 698.27p

Discount/Premium(-/+): -3.76%

Dividend payment dates: Feb, May, Aug, Nov

Net dividend yield †: 1.7%

Net gearing*: 11%

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

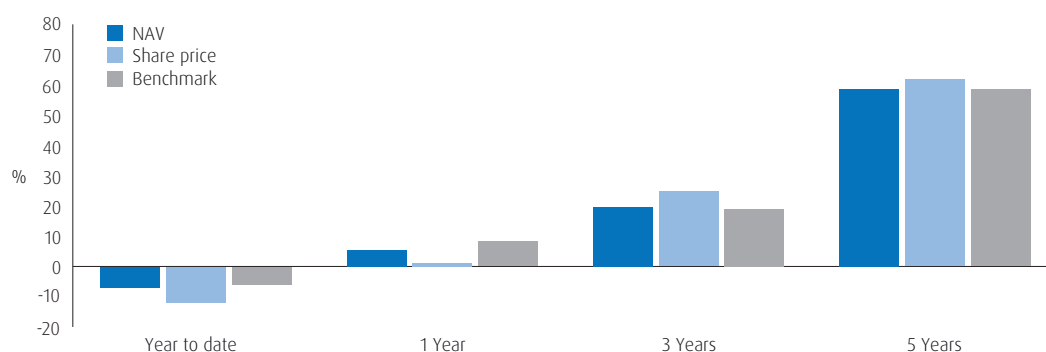
Sector: Global

Currency: Sterling

Website: fandcit.com

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

Fund performance as at 29.02.2020



Cumulative performance (%) as at 29.02.2020

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-5.59	-6.91	5.34	19.51	58.49
Share price	-9.07	-11.83	1.02	24.78	61.62
Benchmark	-5.15	-5.77	8.23	18.87	58.43

Discrete annual performance (%) as at 29.02.2020

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
NAV	5.34	1.53	11.74	33.27	-0.49
Share price	1.02	5.56	17.02	34.20	-3.48
Benchmark	8.23	2.38	7.28	36.96	-2.66

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.



Lines may be recorded



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	-
August/September	2.30	2.35	2.50	2.70	2.90	-
November	2.30	2.35	2.50	2.70	2.90	-
Total	9.50	9.70	10.15	10.80	11.40	2.90

Asset allocation including Private Equity (%)	
UK equity	6.9
Europe ex UK equity	17.5
North America equity	55.2
Japan equity	5.7
Pacific ex Japan equity	2.3
Emerging markets equity	11.2
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.

20 largest listed equity holdings (%)	
	Percentage of total Investments
Amazon	2.2
Microsoft	2.0
Alphabet	1.7
Facebook	1.5
Apple	1.1
Mastercard	1.0
Alibaba	1.0
Dollar General	0.9
UnitedHealth	0.9
Visa	0.9
JPMorgan Chase	0.7
Novo Nordisk	0.7
Comcast	0.7
Chevron	0.6
SAP	0.6
AstraZeneca	0.6
Broadcom	0.6
Anthem	0.6
GlaxoSmithKline	0.6
Lowe	0.6



All data as at 29.02.2020 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 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 (03/20).