Ladies and gentlemen, in our 150th year please let me add my welcome to our Annual General Meeting.

Today, I intend to cover four main areas.

First, I will provide an overview of our 2017 results.

Second, I will give a brief update our activity, where we engage with the companies we invest in.

Third, as usual, I will give some thoughts on the investment outlook.

Finally, I will take the opportunity to consider a longer term perspective and draw out some of our principles of investment from the history of the past 150 years.

Let me start with our results.

This slide shows the key components of shareholder return and you can see that the underlying investment portfolio had a very strong year with a gain of 15.8%.

Moving along, gearing (that is to say the effect of our borrowings) added to returns, contributing 1.8%. This figure was helped by a rise in sterling reducing the value of our overseas debt.

Adding together the 15.8% portfolio return with the other components, including expenses and the impact of buybacks you can see the growth in our Net Asset Value per share of 16.9%.

Our discount narrowed on the year and this boosted shareholder returns, adding 4.1% to the NAV return which led to a share price total return of 21.0%.

So it was a year of strong absolute returns, and what was also very pleasing was that we comfortably exceeded the performance of our benchmark index which delivered 13.8% over the year.

Moving on, this table contains a lot of information and is largely reproduced from the Annual Report. I will use it, however, to illustrate some key points.

First, all of our underlying investment strategies delivered positive returns. Even Private Equity, which materially lagged listed equities in the year, produced a respectable return of 5.9%.

It was an exceptional year for growth stocks and the so called disruptors. Companies such as Amazon, Facebook and Alphabet gained significantly over the year – by 30-50% - and Chinese stocks such as Tencent and Alibaba broadly doubled in 2017. We benefited from our holdings in these stocks through our growth strategy which is mainly invested in the US.

Second, most of our underlying strategies exceeded benchmark returns. The exceptions were Emerging Markets, the strongest area in absolute terms at 25.6%, which was in line with the benchmark, and the UK which was slightly behind but still returned 10.5%. So, in the listed space, only the UK really lagged and we only have around 4% invested in this particular strategy so it was not an issue for overall performance.

My third point on our results is that our performance benefited by us having a bit more exposure to the outperforming areas like Emerging Markets and Europe than the benchmark.

So, in summary, 2017 performance in investment terms was strong, with most of our strategies delivering good excess returns in a positive year for equities.

Moving beyond our investment portfolio, our revenue showed further improvement. This slide shows the progression in both our revenue and dividends in recent years.

We earned more in the first half of 2017 than in the whole of 2014 and our dividend was fully covered for the second year in a row.

Net revenue return rose to £63.5m, or 11.67 pence per share. We did benefit from £2.7m of special dividends in 2017, down on the year. The total dividend of 10.4 pence for the year is a 5.6% uplift and the Board have indicated their commitment to deliver another rise in real terms in 2018.

The next slide looks at results in the longer term context of our overriding objective of delivery of growth in capital and income. Over the past ten years we have delivered strong total returns for shareholders, at 9.9% per annum, helped by underlying Net Asset Value growth of 8.7%. Dividend growth has been 5.9% per annum over the past decade and inflation 2.4%.

In our Annual Peport on page 15 we set out our performance against a range of Key Performance Indicators to provide transparency on how we are doing on a number of different metrics. Our results are strong over most time periods and on most measures, demonstrating consistency in our approach.

As an example, the left chart here shows our 5 year performance against different yardsticks with the first bar our share price total return and the second the gain in NAV. Not just over this time period but more broadly we have generally exceeded returns from the benchmark, from closed ended peers, from open ended competitors and also from passive funds.

Since 2014 shareholder returns have been boosted by a narrowing of our discount from 10% or thereabouts to only around 2-3% today.

The narrowing in our discount and reduced number of share buybacks follows our strong performance and increased marketing activity. This has also been accompanied by a change in strategy with regard to discount management. We moved away from a 10% discount target in May 2015 towards a more flexible approach aiming for an average of 7.5% discount or better.

In our 2017 annual results, we announced the next step forward in our policy such that we no longer have a numerical target for our discount. Nonetheless, we will continue to use buybacks to enhance value for shareholders and the Board have a clear aspiration to see the Company's shares trade at or around NAV. I am pleased to say that, despite recent market volatility, our current discount is now around the narrowest levels for twenty years.

One other area of progress I want to mention briefly relates to our borrowings. We have seen a significant reduction in borrowing costs, from around a 7% average interest rate five years ago to around only 2.5% today.

We recently took the opportunity to secure an additional long term funding of £75m for 30 years at a rate of 2.92%. This will be drawn next month and we believe represents an attractive long term rate for us.

Before I move on let me recap our 2017 results. This slide provides the key highlights.

In 2017 we delivered a total shareholder return of 21.0% driven by growth in our net asset value of 16.9%. Both shareholder and NAV returns exceeded the 13.8% return of the market benchmark.

Our discount narrowed and ended the year at a historically low level of 4.3%.

Our net revenue return per share grew by 10.4% on the year, fully covering our dividend.

We delivered the 47th consecutive rise in dividends for shareholders, raising the level by 5.6% on the year to 10.4 pence.

Moving on, my second broad area for discussion relates to our approach to corporate engagement and responsible investment.

Responsible investment is an important consideration and as investors, we see it as vital to hold our companies to account for the way that they deal with sustainability and governance issues. As well as being the right thing to do, we also think that by encouraging our companies to do better in managing issues like climate change, human rights and labour management, they will end up avoiding risks and deliver better long-term performance.

The holdings in our portfolio are covered by our investor engagement programme, which has been run by our expert in-house team for many years. During 2017 we engaged with over 200 of the companies held by Foreign & Colonial, across 35 countries. We backed up our engagement by using our vote, and last year we voted at over 350 company meetings.

Our dialogue with companies covered a wide range of topics, and should any shareholder wish to discuss this in greater detail we have a member of our team here today who would be happy to answer any questions after the formal business of the meeting. To give just one example, we engaged with some of our largest holdings on the issue of the tax gap. The tax gap is where there is a mismatch between the location where companies pay tax, and where they actually earn their revenues. In our dialogue, we have been asking companies for more transparency about their tax policies. In 2017 BMO also joined the PRI Tax Engagement Group to explore the long term implications of poor practice in the area of tax related risks.

So, we take our responsibilities very seriously and have an active engagement programme with the companies in which we invest.

I will turn now to my third area for discussion - the market outlook.

This slide contains some of the key points I made last year and it is always interesting to reflect on views one year on. After an extraordinary year of surprises in 2016, last year proved to be a little more predictable in terms of events – perhaps aside from the UK general election result. That said, the strength of delivered market returns did take most of us by surprise.

The backdrop proved to be very conducive for equity markets with modest inflation, synchronised global growth, better earnings and even some help from President Trump, in the form of tax cuts.

Looking forward there are, as always, a number of short and longer term political and geopolitical concerns. President Trump has added an extra element of uncertainty with regard to his attitude to trade and also his attitude to some of the disruptors which have led the market, such as Amazon.

On the first point, there is clearly a risk that trade tensions escalate. If this were to happen it would be bad news for the global economy and for equity markets. Logic would suggest that much of the bluster which has accompanied the early salvos will not be followed through.

On the second point, Trump has singled out Amazon as being a malign force and has implied some form of action. He does appear to have a personal issue with Jeff Bezos but there is a broader point here on market power.

Consider the recent cover from the economist with the Titans needing to be tamed being Amazon, Facebook and Google. Many disruptors' business models lend themselves to monopolistic type outturns and, increasingly, there is wider recognition of this point. There is also more acceptance of the market power which many companies have across a number of sectors.

But there is less competition across any number of areas – airlines, financial services and so on. This partly helps to explain a number of observations like low productivity, high corporate profits, rising inequality and so on – effects that we have called the death of dynamism. It really is a huge issue but my point is that it is wider than the disruptors and is in the early stages of recognition in my view.

Nonetheless, the scandal over use of consumer data is currently pressuring Facebook specifically and one does need to be aware of the risks of regulation impacting on the business models of some of these dominant companies which have led markets in recent years. At present, this is just a risk, but does bear close attention in the months and years ahead.

Coming into 2018 my expectation was that the smooth trajectory for markets was unlikely to last. At this stage in the cycle one should expect, at the very least, more volatility even as markets continue to make progress.

Despite risks, the fundamental backdrop for equity markets remains reasonably good and, against other opportunities for investment, equities continue to look relatively attractive.

Growth in the global economy is good. This chart shows that across a wide range of major countries there is good economic expansion - indicated by the line being above the breakeven 50 level.

Economic growth is supporting earnings which are growing strongly. This slide shows that not only are earnings growing strongly but there is a widespread upturn across the major regions.

However, with growth there is the risk of inflation. But this still looks like a goldilocks environment. Inflation is neither too hot nor too cold meaning that pressure to raise interest rates is still quite limited.

That said, rates are going up and central bank balance sheets will be reined in from extraordinary levels of support. The key point, however, is that growth remains good, earnings are supportive and rates rises should not derail the positive picture.

Valuations in equities are actually better today than a year ago because earnings have grown so strongly and, while it is difficult to make the argument that equities are cheap, they certainly do not appear significantly overvalued, particularly when one considers where interest rates are against history.

Inevitably, though, this economic cycle and this bull market will come to an end and, as I see it, we are certainly closer to the end than the beginning.

But it would be unusual for the equity market to be derailed without an economic downturn and, in my view, this does not look like an immediate risk. So, it is important to keep an eye on inflation, rates and future growth prospects as well as those more leftfield events, perhaps driven by political and geopolitical considerations.

So, in summary, I think that the fundamentals argue for support for equity markets in the quarters ahead but we should expect more volatility. Our approach of blending a range of different styles and typically focusing on businesses which are attractively valued, with sustainable competitive advantages and strong trends in underlying financials should ensure that your Company can continue to prosper regardless of the inevitable short term ups and downs of markets.

I will now turn to my final topic of discussion today. The history of investment over the past 150 years.

Understanding and embracing seven key investment principles has been central to our success.

In the video Lucy Worsley gave us a sense of what Britain was like in 1868. Back then, this was not a truly democratic country. Only some men were eligible to vote and the beginning of female suffrage was still 50 years away.

Yet, against this backdrop, our first principle - and the truly revolutionary aspect of the Trust at its launch in 1868 - is democracy.

If you think about it, democracy is really about the masses empowering specialists to make decisions on their behalf.

We started with a couple of thousand investors – from leather cutters and grocers to the Archbishop of Canterbury – who combined their money into a single investment fund. A fund managed by specialists.

By democratising investment we pioneered the provision of collective investments, using experts, for the everyday saver.

This brings me to our second principle – diversification.

You may not recognise him but this is Jakob Fugger – a German merchant and banker. A man with so much wealth he was simply known as “Jakob the Rich.”

He was the Bill Gates, or Warren Buffett, of the 1500s. Perhaps the richest individual who has ever lived.

And he understood the importance of diversification.

Based on Jakob’s principles, when we started out in 1868 we held 18 bonds, diversified geographically. Today, we hold a range of equity investments spread across 35 countries.

Our portfolio has had to be robust because, as well as successes, there have inevitably been losses. In 1914, Mexico had a revolution, it defaulted on its debt and we lost our entire holding there.

So, preparing for bumps in the road is sensible. The principle of spreading exposure across a range of investments has led to robustness and has enabled us to pay a dividend in every single year since 1868.

But diversification is not enough.

We all know that things change.

The history of investment over the past 150 years and longer has been one of constant disruption. This is our third principle.

Famously, perhaps inspired by Adam Smith, Ford used specialised workers in production lines to improve efficiency and keep costs low. This enabled him to bring the first affordable car – the Ford Model T - to Americans in 1908.

But innovators are often overtaken with time – the original disruptors become disrupted.

A "Kodak moment" originally meant the capture of a special time with a photo. Now, facing a "Kodak moment" is synonymous with corporate failure due to an incumbent being disrupted, usually by technology.

So, in the last 150 years innovation has led to disruption. Our challenge as investors is to spot tomorrow's winners and avoid the losers.

We do this through our fourth principle, which is diligence.

In 1925 we researched and bought our first equity holdings. Amongst those purchases was a company called Shell.

In recent years, research has led to investments in companies such as Amazon. We invested in 2006 and that holding has since risen 50 fold. This demonstrates the value of identifying companies early before their competitive advantage and potential market power are fully priced.

As I mentioned earlier, the rise in the market power of incumbents is now getting wider attention with big tech firms, and their use of customer data, clearly in focus.

So fundamental research and diligence is critical to the identification of profitable investments. It is really important to do those small things well.

This is our fifth principle.

Detail.

Through attention to detail, we can achieve extraordinary gains.

Einstein called compounding the eighth wonder of the world. The power of compounding returns since 1868 means that an 8.1% per annum return led to a gain in excess of £12m on an initial £100 investment.

Not a bad return I am sure you will agree.

Consider Sir Clive Woodward. His success in guiding English rugby was built on the idea of doing 100 things 1% better. By improving several areas in a small way he expected to deliver dramatically better outcomes.

Which he did, of course, culminating in England winning the World Cup in 2003.

As a Scotsman, even I can appreciate the magnitude of that achievement!

So, what is the relevance for F&C and the history of investment?

Well, we increased our output by recognising the importance of marginal improvements in return. If we had delivered just a half of one percent less per year – 7.6% as opposed to 8.1% - over the past 150 years - our return on £100 would have been half - only £6m rather than £12m.

If we had delivered a full percentage point less than the 8.1% we would have returned, only a quarter, close to £3m. So, a focus on costs, efficiency of investments, value for money in investment decisions, and eking out small marginal improvements has been helped by the scrutiny of an independent Board.

But we need to keep sight of the wood and the trees. Making big decisions at the right time clearly is critical. With the benefit of hindsight, many decisions appear obvious but they rarely are at the time.

It is important to be daring. This is our sixth principle.

We must have made countless decisions for our shareholders over 15 decades but a small number of those decisions have had a really profound impact.

Let me illustrate this by considering our most daring decision – the shift to equities in the 1960s.

In 1965 one share in Foreign & Colonial would have bought around one Mars Bar at the time. Now you may say that Mars Bars have shrunk over the years but, as with most things, prices have not gone down. Today, that Mars Bar – slightly smaller – costs twenty times as much. Mars bar prices have doubled in real terms so they would have been a decent investment.

We did not, of course, invest in Mars Bars. We did something even better. We switched from bonds into equities – 95% in equities by 1965.

So, what was the result of investing in equities rather than Mars Bars?

Well, our share price rose from around 3-4p (or around one Mars Bar) in 1965 – to around 650p today.

Plus, as mentioned, we paid dividends – every year. And our dividend has risen every year since 1970.

I know from talking to many shareholders, often here at the AGM, how important dividends are for you.

Adding in dividend payments raises our total return over the period to about 430 times. So if everyone in the front row here had bought a share in F&C back in 1965, equivalent to a single Mars bar, they would now, with that single 3p investment, be able to buy everyone in this room a Mars bar, with a bunch left over for good measure!

Which brings me to our final and, I think, most important principle.

The need for development.

Electric cars like this Tesla are not new and have been around longer than you may think. They predate the Ford Model T.

Nor is this the first time an electric vehicle has been into space. Of course, the Apollo missions had their own electric vehicles which drove on the surface of the moon.

Similarly, the need to innovate and develop through time has been the hallmark of our Trust. Understanding when the time is right to adapt and also to embrace change is critical.

Back in 1868 we were able to democratise investing – this was our original innovation, providing opportunities for the everyday saver.

Throughout the years, we have consistently diversified our portfolio. And we do so today.

And because disruption is constant - we have continually adapted to thrive.

Our diligence has been critical - not just in selecting the winners, but also in avoiding the losers.

We have always focused on the detail - because the detail matters.

We have dared to take the major decisions when it really counts - our success is a testament to those decisions, big and small, made by a great many people.

We have survived and been successful not just because we were the first – we have survived and succeeded because of our willingness to adapt and change, again and again. To move with the times, to continually innovate, to constantly develop.

And I think that this is the greatest lesson from the past 150 years, for all investors.

Thank you very much.