



### Manager Commentary Paul Niven



During January, our net asset value (NAV) return was 4.4%. Shareholder returns were 6.1% in comparison to a 4.4% return from the FTSE All World Index.

The latter part of 2018 saw a sharp downturn in equity markets, driven by concerns over growth. However, January saw a recovery, as investors reassessed the likelihood of a US recession and fears of overtightening were assuaged by the US Federal Reserve (the Fed). US equities found support from positive corporate results and more dovish comments from the Fed. Once again, North America was the leader in global equity terms over the month. While US economic data was mixed, the Fed cited slowing growth outside the US as it pledged to exercise patience in hiking interest rates, and signalled that it would be more

cautious about reducing the size of its balance sheet. Markets responded positively to this change in tone. The US government reopened following a 35-day partial shutdown, the longest in US history, as Republicans and Democrats entered into three weeks of negotiations to seek an end to the US budget impasse. Trade uncertainty remained as US and China negotiators held more talks aimed at resolving the trade war.

In Europe, data continued to be weak, with the sluggish momentum raising concerns over the outlook. Italy was revealed to have fallen into recession, registering its second consecutive quarter of contraction, while German forecasts were slashed by officials citing the impact of trade tensions and Brexit uncertainty. Following a delayed vote, the House of Commons rejected Prime Minister Theresa May's key EU Withdrawal Bill by an even wider margin than expected (432-202). The prime minister later survived a vote of no confidence within her own Conservative Party. Two weeks later, MPs passed the Brady Amendment, mandating Mrs May to go back to the EU to renegotiate the contentious Irish backstop – despite the EU repeatedly stressing that the Bill is not going to be reopened for negotiation. The path of Brexit will continue to be highly uncertain, as the 29th of March deadline looms.

Fears of a slowdown in China continued to impact both developed and emerging markets, particularly raw material exporters. Despite this, emerging markets benefited from the Fed's dovish turn, as well as positive sentiment surrounding US-China trade negotiations and lower oil prices. While emerging-market earnings and performance have been disappointing, this slightly more positive macroeconomic backdrop offers support for emerging markets.

We ended the month at a modest premium of 0.2%, having averaged a discount of 1.3% over 2018. During the month, we re-issued 1m shares at a premium to NAV, reflecting strong investor demand for our stock.

Despite the recent recovery, we continue to believe that sharp falls in many stocks have improved valuation metrics in a number of areas. If global growth remains on a positive path, 2019 may see better returns than the year just past. Nonetheless, the cycle is mature and the bull market in stocks is extended. We expect that volatility will stay heightened in 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.

### Key facts as at 31.01.2019

**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:** £4.0 billion

**Share price:** 669.00p

**NAV:** 667.92p

**Discount/Premium(-/+):** 0.16%

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

**Net dividend yield †:** 1.6%

**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

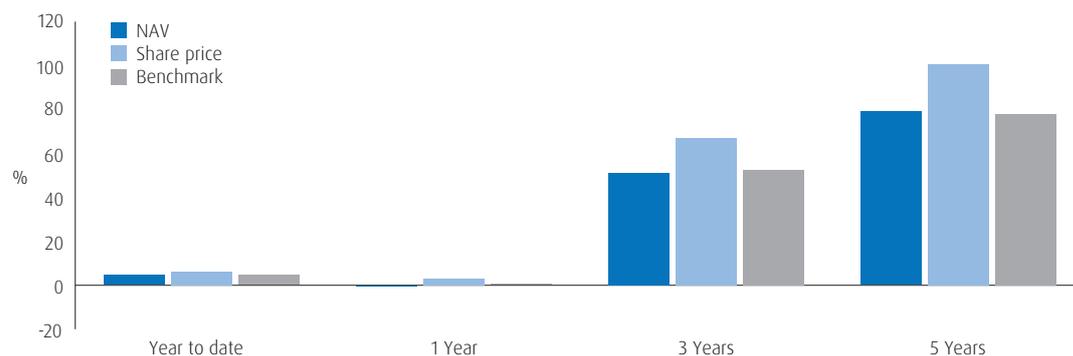
**Currency:** Sterling

**Website:** 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 31.01.2019



### Cumulative performance (%) as at 31.01.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	4.42	4.42	-0.12	51.05	78.91
<b>Share price</b>	6.15	6.15	2.73	66.92	100.44
<b>Benchmark</b>	4.38	4.38	0.31	52.25	77.87

### Discrete annual performance (%) as at 31.01.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
<b>NAV</b>	-0.12	17.10	29.16	1.26	16.97
<b>Share price</b>	2.73	23.24	31.84	-4.20	25.34
<b>Benchmark</b>	0.31	13.37	33.87	-0.70	17.65

### 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	-
August/September	2.20	2.30	2.35	2.50	2.70	-
November	2.20	2.30	2.35	2.50	2.70	-
Total	9.20	9.50	9.70	10.15	10.80	2.80

### Asset allocation including Private Equity (%)

UK equity	6.1
Europe ex UK equity	15.5
North America equity	52.9
Japan equity	9.5
Pacific ex Japan equity	2.2
Emerging markets equity	11.5
Liquidity	2.3
Total	100.0

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.



### Twenty largest Holdings (%)

	Percentage of total Investments
Amazon	2.2
PE Investment Holdings 2018 LP	1.7
Microsoft	1.7
Alphabet	1.3
UnitedHealth	1.2
Anthem	1.2
Facebook	1.0
Boeing	0.9
Comcast	0.8
JPMorgan Chase	0.8
Pfizer	0.8
Novo Nordisk	0.8
Visa	0.7
Dollar General	0.7
Lowe	0.7
Syncona	0.7
Utilico Emerging Markets	0.7
Alibaba	0.7
Chevron	0.7
Mastercard	0.7

All data as at 31.01.2019 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 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. 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 (02/19).