

Manager Commentary
Paul Niven



During March, our net asset value (NAV) return was 3.0% and shareholder returns were 2.4%, compared with the FTSE All World Index's gain of 3.4%.

March saw equity markets continue to recover following December's sharp downturn, with the S&P 500 index reaching pre-November 2018 levels. US economic data continued to be mixed, with recent upside surprises on inventories and existing home sales, while manufacturing was fairly weak. At its latest meeting, the Federal Reserve (Fed) kept US rates on hold, as expected. The Fed also confirmed its dovish stance, lowering its interest-rate projections for 2019 and 2020 and calling for no hikes this year and one next year. This was below consensus expectations. The Fed lowered its growth and headline inflation forecasts, citing a greater-than-expected slowing in growth and less supportive financial conditions, and announced a planned

gradual taper in the balance sheet 'run-off'. US-China trade talks continue, with the outcome looking more positive and a full-blown trade war likely to be averted.

In Europe, growth concerns remain, with manufacturing data looking particularly weak, especially in Germany. Services data, however, is still resilient and unemployment continues to tick down. In the UK, Brexit woes continue. Having returned to the EU to secure further legal assurances after her withdrawal deal failed to pass in the House of Commons the first time, Theresa May brought the deal back to see it rejected a second time. It was then rejected for a third time on the day the UK was due to leave the EU. The EU granted an extension until 12 April, with the default position being the UK leaves with or without a deal on this day, unless a further extension is sought. MPs voted to take control of the Brexit process from the government, but a series of indicative votes have yet to yield a majority for any option. With more votes planned, the path of Brexit remains uncertain, even as the clock ticks down to the 12 April deadline.

Concerns about Chinese growth have been allayed somewhat, with manufacturing and SME (small or medium-sized enterprise) sentiment data beating expectations. The Fed's reinforced dovishness should also continue to benefit emerging markets. Our emerging markets and Japan strategies performed well over the month, as did small-cap stocks.

We ended the month at a modest discount of 0.6%, having averaged a discount of 1.3% over 2018. During the month we agreed to issue c. £150m of debt via a private placement, our largest issue to date. Maturities for the debt issue range from 7-40 years with interest rates payable across four tranches starting at 0.93% on our seven-year euro issue and 2.72% on our 40-year sterling issue. The purpose of this transaction is to obtain a mix of medium- and long-dated fixed-rate denominated financing, which is unsecured, at pricing levels that the Company considers to be highly attractive. The weighted average interest payable on the newly issued notes will be under 2.3%, and the weighted average interest on all structural borrowings following the transaction is expected to be approximately 2.5%.

Despite the recent recovery, valuation metrics in a number of areas are still reasonable. Providing growth is on a positive path globally, 2019 may see better returns than the year just past. Nonetheless, the cycle is mature and the bull market in stocks is extended, with outlooks for global growth in 2019 starting to moderate. 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 29.03.2019

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: £4.1 billion

Share price: 692.00p

NAV: 693.81p

Discount/Premium(-/+): -0.26%

Dividend payment dates: Feb, May, Aug, Nov

Net dividend yield †: 1.6%

Net gearing*: 7%

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

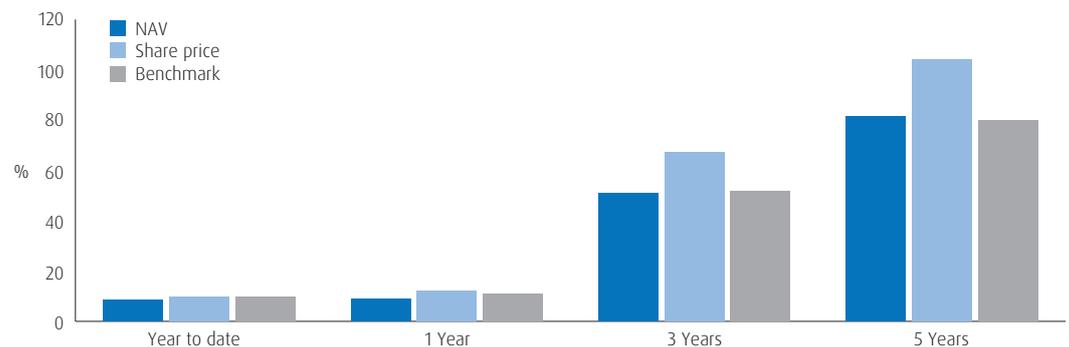
Website: fandcit.com

** 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 29.03.2019



Cumulative performance (%) as at 29.03.2019

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	3.06	8.45	8.91	51.08	81.55
Share price	2.37	9.80	12.07	67.28	104.23
Benchmark	3.43	9.62	10.73	51.63	79.80

Discrete annual performance (%) as at 29.03.2019

	2019/2018	2018/2017	2017/2016	2016/2015	2015/2014
NAV	8.91	5.88	31.00	0.00	20.17
Share price	12.07	12.69	32.45	0.29	21.74
Benchmark	10.73	2.87	33.12	-0.49	19.17

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	6.0
Europe ex UK equity	15.8
North America equity	53.2
Japan equity	9.2
Pacific ex Japan equity	2.2
Emerging markets equity	11.5
Liquidity	2.1
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	2.2
Microsoft	1.8
PE Investment Holdings 2018 LP	1.7
Alphabet	1.3
Anthem	1.1
UnitedHealth	1.1
Facebook	1.0
Comcast	0.8
Boeing	0.8
Visa	0.8
Lowe	0.8
JPMorgan Chase	0.7
Dollar General	0.7
Alibaba	0.7
Chevron	0.7
Mastercard	0.7
Utilico Emerging Markets	0.7
Pfizer	0.7
Syncona	0.6
Broadcom	0.6

All data as at 29.03.2019 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 (04/19).