F&C Capital and Income Investment Trust PLC

Report and Accounts for the half-year ended 31 March 2018

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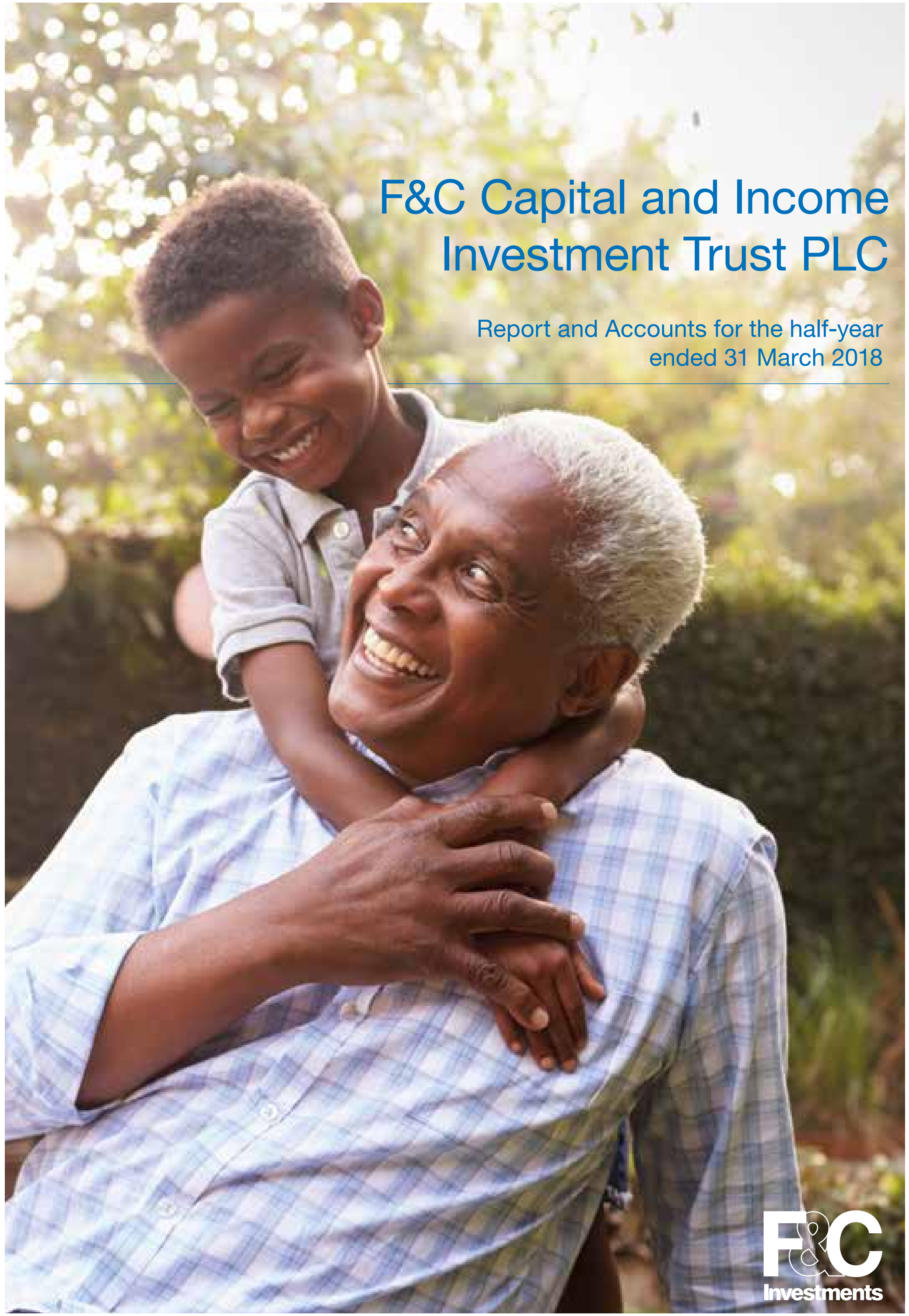

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aic
The Association of Investment Companies

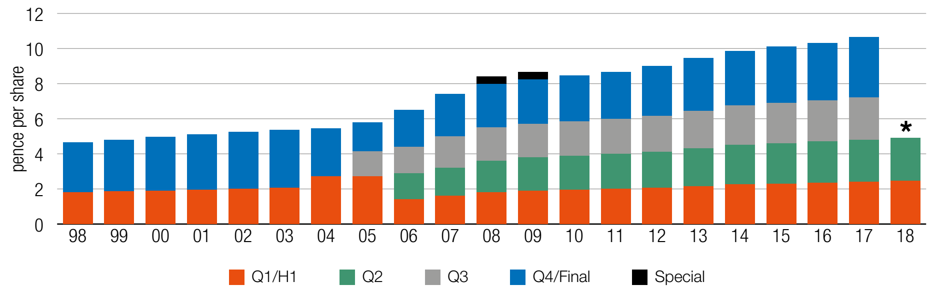
aic DIVIDEND HERO

Introducing F&C Capital and Income Investment Trust PLC

Our objective is to secure long-term capital and income growth from a portfolio consisting mainly of FTSE All-Share companies.

- Our well-diversified portfolio has **outperformed the benchmark** over the short, medium and long term under Julian Cane, our Fund Manager for over 20 years.
- Over the longer term, our dividend has grown at more than **twice the rate of inflation**.
- A recognised "AIC Dividend Hero", our dividend has **increased every year for the last 24 years**.
- **Investor demand remains strong** and the Company continues to grow through new share issues.
- Our **Ongoing Charges of only 0.59%** represents very good value for Shareholders.

Dividends growing year on year



*Dividends for the remainder of the year have yet to be declared.

Source: F&C

Visit our website at www.fandccit.com

Registered in England and Wales with Company Registration Number: 02732011

Legal Entity Identifier: 21380052ETTRKV2A6Y19

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Financial Highlights for the half-year

-0.1% **Share price total return(1) of -0.1% with the price ending the period at 315.0p.**

-0.5% **Net Asset Value per share total return(1) of -0.5%, outperforming the benchmark index which returned -2.3%.**

4.90 pence **The dividend(2) for the period of 4.90p represents an increase of 2.1% over the previous period.**

1.7% **The share price premium to Net Asset Value ended the period at 1.7% with the shares having traded at an average premium of 2.3%.**

(1) Total Return – the return to Shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or Net Asset Value in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex-dividend.

(2) 2.45 pence per share payable on 29 June 2018 to Shareholders registered on 8 June 2018.

Chairman's Statement

Steven Bates, Chairman

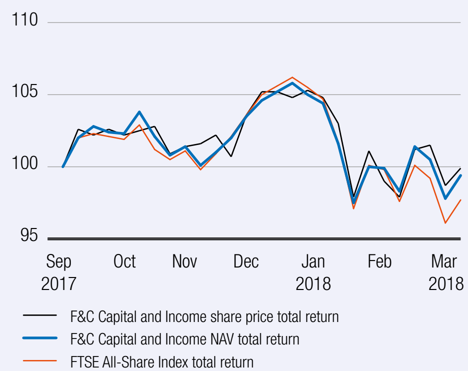
Dear Shareholder

Looking at performance over the last few months it would be tempting to think nothing much had happened. Total returns (including reinvested dividends) for the Company's share price and Net Asset Value per share (NAV) were more or less unchanged, showing -0.1% and -0.5% respectively. These figures, although providing no real absolute gain for Shareholders, are positive when viewed against our main benchmark, the FTSE All-Share Index, which experienced a total return of -2.3% over the same period.

The end to end result may show little change, but the stock market did experience a rise of around 5% through to mid-January and then a sharp sell-off of over 10% before staging a smaller recovery. Somewhat ironically in the context of our static results, one of the investment themes of the half-year was sharply increased volatility after having been subdued for a long while. The pick-up in volatility of the prices of individual shares and stock market indices had a number of origins, perhaps the most important of which was the unwinding of speculative positions which used complex trading strategies to target low rates of volatility. Products designed to exploit this lost almost all their value very quickly and exacerbated the sell-off. A number of profit warnings and take-overs also had an impact on the volatility of individual shares. The other major theme was the long-anticipated rise in interest rates and bond yields as central banks look to remove gradually some of the monetary stimulus put in place to respond to the Global Financial Crisis a decade ago. This inevitably provided a headwind for equity performance.

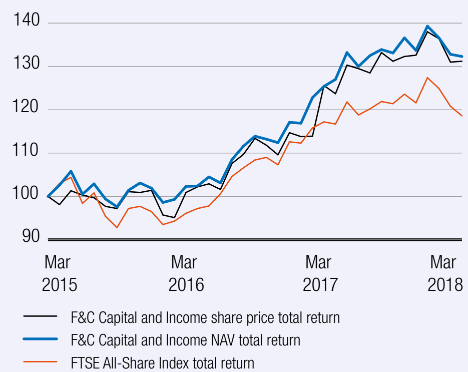
The half-year returns continue a sustained period of outperformance and your Board commends Julian Cane, your Fund Manager,

Outperformance over six months
(rebased to 100 at 30 September 2017)



Source: Thomson Reuters Eikon

Outperformance over three years
(rebased to 100 at 31 March 2015)



Source: Thomson Reuters Eikon

for his contribution. The Company's track record remains strongly positive over longer periods, with our share price and NAV total returns being 51.8% and 50.0% over the last five years, compared to 37.6% for the Index, and over ten years our figures being 116.8% and 103.4% respectively, compared to 90.6% for the Index.

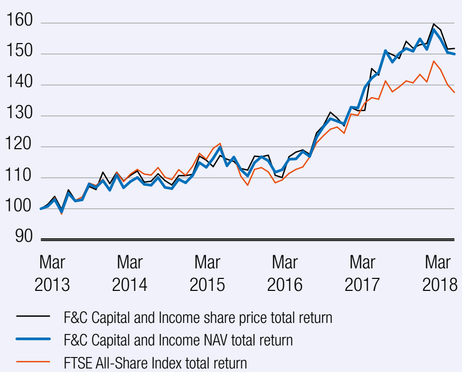
Earnings and Dividends

Dividends paid and announced for the first six months of our financial year total 4.9p per share, an increase of 2.1% compared to the same period last year. Our earnings per share are 6.6% lower than the equivalent period the previous year. This reflects two factors – first, we have received fewer special dividends. By definition, these reflect exceptional gains from our investee companies and therefore cannot be anticipated each and every year – some variation is naturally expected. Secondly, the portfolio has been repositioned to have less exposure to some of the very largest companies with largely static dividends in order to invest in more interesting opportuniites which should provide us with better capital returns and higher levels of dividend growth in future, albeit with a modest reduction in our earnings in the short term. With our Revenue Reserve well in excess of a full year's dividend payments, it is very much our intention to extend our record of 24 consecutive years of dividend growth.

Loan Facility

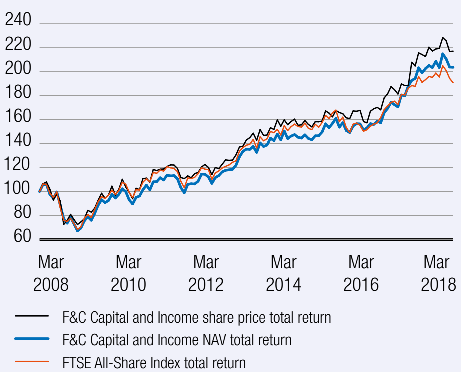
The Company's previous loan facility expired recently and has been replaced with a new revolving facility that is both cheaper and offers greater flexibility. This is definitely advantageous to Shareholders, but, of course, the real issue with the use of leverage is the performance of the equities into which it is invested. Over the last six months, the use of debt was not positive as returns generated by the portfolio were below even the low cost of our borrowing, but over longer periods the use of gearing has been helpful to returns. The amounts borrowed under the new facility are currently the same as under the expired facility. At the end of the period, the Company was 6% geared, with £20 million of the borrowing facility in use.

Outperformance over five years
(rebased to 100 at 31 March 2013)



Source: Thomson Reuters Eikon

Outperformance over ten years
(rebased to 100 at 31 March 2008)



Source: Thomson Reuters Eikon

Portfolio

Returns at the level of underlying stocks were considerably more variable than at the benchmark Index level. The strongest contributor to our performance was Beazley, the specialist insurer, which gained 21%. With an average position size of 2.7%, this contributed 0.6% to our return. Xpediator, a logistics company, saw the greatest share price gain with a return of 110% in just six months, and contributed 0.4% to our return. Ibstock, the brick manufacturer, and IG Group, the online financial trading company, gained 24% and 26% respectively, which given their position sizes were the third and fourth largest contributors.

Whilst we avoided many of the companies which gave profit warnings, we were not entirely immune, suffering the collapse of Conviviality, the drinks retailer and distributor. This was the largest detractor to our performance during the six-month period costing -0.6%. Dunelm, the homeware retailer, and Arrow Global, the debt purchaser, had weak share prices (-22% and -18% respectively), but in both these cases we still hold a positive view of their longer-term prospects.

We continue to try to identify companies which can deliver capital and income growth, almost regardless of the economic environment. Many industries are facing very challenging circumstances which makes it more important than ever to choose stocks and build the portfolio with great care.

Operational Matters

During the half-year, our shares traded at an average premium to their NAV of 2.3%. This, together with strong demand for our shares, allowed us to issue 1,475,000 new shares at the customary premium to NAV. This brings the total number of shares in issue to over 100 million. There are a number of advantages to Shareholders of the Company from issuing new shares. The first is that fixed costs can be spread over a larger asset base – in this sense, a larger company is more efficient. Secondly, liquidity should be improved and thirdly, a Shareholder reinvesting dividends may be issued new shares at a modest premium to NAV, rather than potentially having to pay a larger premium in the market if we were not able to issue.

Outlook

As already discussed, a background of rising interest rates and bond yields is a more difficult environment for equities. However, this is certainly not to say that equities will make no progress or go backwards as valuations still appear attractive when compared to bonds or cash and are not at overly stretched levels in absolute terms either.

Chairman's Statement (continued)

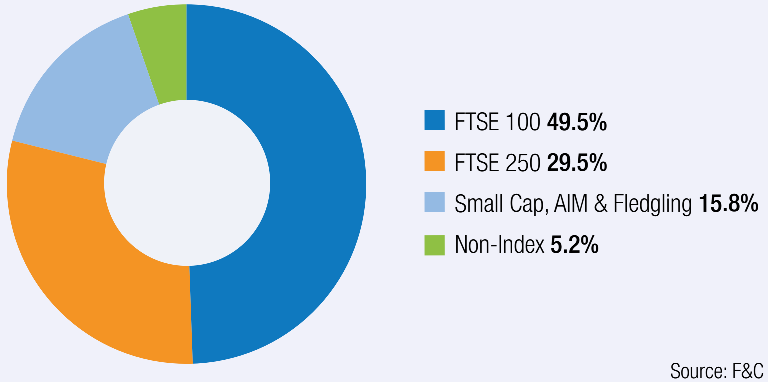
Earnings and dividend progression from the stock market and our investee companies will be important and although the current economic cycle of growth has been running a long time by historic standards, the recovery from the Global Financial Crisis has been rather muted and therefore might be expected to continue at least a while longer. There are bound to be a number of economic and political challenges to negotiate in the coming months, but even if there are short-term problems, history suggests that with a reasonably long-term perspective we should be able to negotiate them satisfactorily.

Steven Bates
Chairman
24 May 2018

Forward-looking statements
This half-yearly report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.

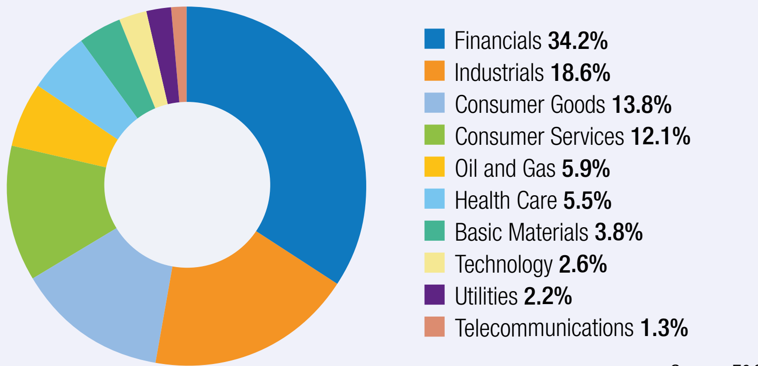
Portfolio weightings

FTSE Index categorisation as at 31 March 2018



Source: F&C

Sector breakdown as at 31 March 2018



Source: F&C

Twenty Largest Holdings

31 Mar 2018	30 Sep 2017		% of total investments	Value £'000s
1	1	**Royal Dutch Shell** *(Oil and gas)* A leading international oil exploration, production and marketing group. Shell has been restructuring its cost base in response to the lower oil price, which will improve returns for shareholders. The company is committed to maintaining its dividend.	3.6	11,840
2	3	**Unilever** *(Consumer goods)* A leading manufacturer of branded fast-moving consumer goods with more than half of its sales in more rapidly growing emerging markets.	3.3	10,799
3	10	**Secure Income REIT** *(Financials)* The highly successful Prestbury property management team has brought together a group of assets (primarily hospitals, hotels and leisure parks) let to good tenants with leases that should provide a steadily rising stream of income.	3.3	10,711
4	4	**Diageo** *(Consumer goods)* The largest producer of premium branded spirits in the world and also a major producer of beer. The strength of the brands and substantial exposure to faster growing markets should lead to attractive returns.	3.2	10,492
5	2	**GlaxoSmithKline** *(Healthcare)* One of the world's leading pharmaceutical companies with valuable healthcare and vaccines businesses. The acquisition of Novartis' stake in their healthcare joint venture should be a positive use of shareholders' funds and help to support the dividend.	3.2	10,455
6	9	**Beazley** *(Financials)* A specialist insurer with a diverse underwriting portfolio that has generated strong returns and growth. Management has taken an active approach to managing capital to keep overall returns attractive.	3.0	9,884
7	6	**Rio Tinto** *(Basic materials)* One of the world's foremost mining companies. It has a diversified asset base, but its most significant interests are in low cost, high quality iron ore. It is our principal exposure to the mining sector.	2.7	9,028
8	15	**Legal and General** *(Financials)* A focus on generating a strong and growing cash flow allows this UK life assurer to pay a very attractive dividend to shareholders.	2.7	9,023
9	5	**HSBC** *(Financials)* One of the world's leading banks by size operating in some areas with attractive returns and growth prospects, but its recent group returns have been rather lacklustre. Its recent substantial restructuring should help to improve future results.	2.6	8,649
10	7	**Prudential** *(Financials)* International life assurer seeing rapid growth in the Far East, together with attractive returns from its operations in the UK and US. The partial separation of the divisions should help to close the gap in value between the group and the sum of its parts.	2.6	8,448
11	13	**Melrose Industries** *(Industrials)* Far from being an asset stripper, Melrose aims to buy good, but underperforming, manufacturing businesses and then to apply sound operational and financial disciplines to them in order to improve their returns. GKN is its largest acquisition to date.	2.4	8,085
12	11	**AstraZeneca** *(Healthcare)* A major international pharmaceutical company. The short-term pipeline of new drugs is disappointing, but shows more potential further out.	2.3	7,685
13	12	**BP** *(Oil and gas)* A leading international oil exploration, production and marketing group. Costs are being brought down to improve returns at a lower oil price and the maintenance of the dividend is seen as a priority by the management.	2.3	7,666
14	14	**Phoenix** *(Financials)* A UK domestic life assurer actively taking part in consolidation of the sector, particularly those companies no longer writing new business. The synergies available from consolidation drive an attractive dividend.	2.3	7,495
15	8	**British American Tobacco** *(Consumer goods)* A leading international manufacturer and distributor of cigarettes. In a mature industry, it is able to pay an attractive dividend, but is also at the forefront of developing alternatives to traditional tobacco products.	2.3	7,436
16	19	**Informa** *(Consumer Services)* A worldwide provider of information to a variety of end users (businesses, academics, individuals) across a range of sectors through a number of media (books and journals, internet, exhibitions and events). Its merger with UBM will give the new group greater scale and more growth opportunities.	2.2	7,321
17	17	**Lloyds Banking** *(Financials)* The final deadline for PPI claims moves closer and this will allow the focus to move more towards the good returns Lloyds is making. The capital position is strong, allowing attractive dividends to be paid.	2.0	6,725
18	16	**OneSavings Bank** *(Financials)* This challenger bank is experiencing rapid growth in specialist mortgage lending at carefully controlled risk levels. Its low-cost base helps to drive very attractive returns.	2.0	6,692
19	18	**Arrow Global** *(Financials)* A debt purchase and management business that has considerable strength in its data analytics and increasingly diversified operations. The return and growth profile are both attractive.	1.9	6,300
20	22	**Intermediate Capital** *(Financials)* A specialist lender to private companies both on its own behalf and increasingly for third party investors. It's experiencing good demand for its products, generating good returns and pays an attractive dividend.	1.9	6,107

The value of the twenty largest holdings represents 51.8% (30 September 2017: 51.2%) of the Company's total investments.

Condensed Income Statement

Notes		Half-year ended 31 March 2018 (Unaudited)			Half-year ended 31 March 2017 (Unaudited)			Year ended 30 September 2017 (Audited)		
		Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
5	(Losses)/gains on investments	**–**	**(5,889)**	**(5,889)**	–	22,792	22,792	–	34,881	34,881
	Foreign exchange gains/(losses)	**1**	**(6)**	**(5)**	5	(7)	(2)	8	(7)	1
2	Income	**5,493**	**–**	**5,493**	5,610	–	5,610	12,767	–	12,767
	Management fee	**(336)**	**(336)**	**(672)**	(307)	(307)	(614)	(637)	(637)	(1,274)
	Other expenses	**(260)**	**(10)**	**(270)**	(266)	(1)	(267)	(499)	(19)	(518)
	Net return before finance costs and taxation	**4,898**	**(6,241)**	**(1,343)**	5,042	22,477	27,519	11,639	34,218	45,857
	Finance costs	**(136)**	**(136)**	**(272)**	(147)	(147)	(294)	(283)	(283)	(566)
	Net return on ordinary activities before taxation	**4,762**	**(6,377)**	**(1,615)**	4,895	22,330	27,225	11,356	33,935	45,291
	Taxation on ordinary activities	**–**	**–**	**–**	109	–	109	103	–	103
	Net return attributable to Shareholders	**4,762**	**(6,377)**	**(1,615)**	5,004	22,330	27,334	11,459	33,935	45,394
3	**Net return per share – pence**	**4.79**	**(6.42)**	**(1.63)**	5.13	22.91	28.04	11.71	34.69	46.40

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

A statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

Condensed Statement of Changes in Equity

Notes	Half-year ended 31 March 2018 (Unaudited)	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total Shareholders' funds £'000s
	Balance at 30 September 2017	**24,634**	**117,822**	**4,146**	**4,434**	**149,140**	**12,287**	**312,463**
	Movements during the half-year ended 31 March 2018							
4	Dividends paid	**–**	**–**	**–**	**–**	**–**	**(5,859)**	**(5,859)**
9	Ordinary shares issued	**368**	**4,426**	**–**	**–**	**–**	**–**	**4,794**
	Net return attributable to equity Shareholders	**–**	**–**	**–**	**–**	**(6,377)**	**4,762**	**(1,615)**
	Balance at 31 March 2018	**25,002**	**122,248**	**4,146**	**4,434**	**142,763**	**11,190**	**309,783**
	Half-year ended 31 March 2017 (Unaudited)							
	Balance at 30 September 2016	24,196	112,997	4,146	4,434	115,205	11,049	272,027
	Movements during the half-year ended 31 March 2017							
4	Dividends paid	–	–	–	–	–	(5,505)	(5,505)
	Ordinary shares issued	250	2,640	–	–	–	–	2,890
	Net return attributable to equity Shareholders	–	–	–	–	22,330	5,004	27,334
	Balance at 31 March 2017	24,446	115,637	4,146	4,434	137,535	10,548	296,746
	Year ended 30 September 2017 (Audited)							
	Balance at 30 September 2016	24,196	112,997	4,146	4,434	115,205	11,049	272,027
	Movements during the year ended 30 September 2017							
4	Dividends paid	–	–	–	–	–	(10,221)	(10,221)
	Ordinary shares issued	438	4,825	–	–	–	–	5,263
	Return attributable to equity Shareholders	–	–	–	–	33,935	11,459	45,394
	Balance at 30 September 2017	24,634	117,822	4,146	4,434	149,140	12,287	312,463

Condensed Balance Sheet

Notes		31 March 2018 (Unaudited) £'000s	31 March 2017 (Unaudited) £'000s	30 September 2017 (Audited) £'000s
	Fixed assets			
5	Investments	**328,221**	316,061	326,719
	Current assets			
6	Debtors	**2,330**	2,138	1,215
	Cash at bank and short-term deposits	**–**	–	4,962
	Total current assets	**2,330**	2,138	6,177
	Current liabilities			
7	Creditors: amounts falling due within one year	**(768)**	(1,453)	(433)
8	Loan	**(20,000)**	(20,000)	(20,000)
	Total current liabilities	**(20,768)**	(21,453)	(20,433)
	Net current liabilities	**(18,438)**	(19,315)	(14,256)
	Net assets	**309,783**	296,746	312,463
	Capital and reserves			
9	Share capital	**25,002**	24,446	24,634
	Share premium account	**122,248**	115,637	117,822
	Capital redemption reserve	**4,146**	4,146	4,146
	Special reserve	**4,434**	4,434	4,434
	Capital reserves	**142,763**	137,535	149,140
	Revenue reserve	**11,190**	10,548	12,287
	Total Shareholders' funds	**309,783**	296,746	312,463
10	**Net asset value per ordinary share – pence**	**309.75**	303.47	317.11

Condensed Statement of Cash Flows

Notes		Half-year ended 31 March 2018 (Unaudited) £'000s	Half-year ended 31 March 2017 (Unaudited) £'000s	Year ended 30 September 2017 (Audited) £'000s
11	**Cash flows from operating activities before dividends received and interest paid**	**(914)**	(712)	(1,583)
	Dividends received	**4,321**	4,602	12,674
	Interest paid	**(276)**	(300)	(569)
	Cash flows from operating activities	**3,131**	3,590	10,522
	Investing activities			
	Purchase of investments	**(26,055)**	(24,090)	(34,559)
	Sales of investments	**18,664**	27,415	39,315
	Other capital charges	**(10)**	(7)	(19)
	Cash flows from investing activities	**(7,401)**	3,318	4,737
	Cash flows before financing activities	**(4,270)**	6,908	15,259
	Financing activities			
4	Dividends paid	**(5,859)**	(5,505)	(10,221)
	Net proceeds from issuance of new shares	**4,794**	2,890	5,263
8	Drawdown of loan	**20,000**	–	–
8	Repayment of loan	**(20,000)**	(5,000)	(5,000)
	Cash flows from financing activities	**(1,065)**	(7,615)	(9,958)
	Net movement in cash and cash equivalents	**(5,335)**	(707)	5,301
	Cash and cash equivalents at the beginning of the period	**4,962**	(340)	(340)
	Effect of movement in foreign exchange	**(5)**	(2)	1
	Cash and cash equivalents at the end of the period	**(378)**	(1,049)	4,962
	Represented by:			
	(Bank overdraft)/cash at bank and short-term deposit	**(378)**	(1,049)	4,962

Notes on the Condensed Accounts

1 Significant accounting policies

These condensed financial statements, which are unaudited, have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS 102, Interim Financial Reporting (FRS 104) issued by the FRC in March 2016 and the revised Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC in November 2014 and updated in February 2018.

The accounting policies applied in the condensed set of financial statements are set out in the Company's annual report for the year ended 30 September 2017.

2 Income

	Half-year ended 31 March 2018 £'000s	Half-year ended 31 March 2017 £'000s	Year ended 30 September 2017 £'000s
Dividends from investments	5,454	5,566	12,699
Interest on cash and short-term deposits	9	1	3
Interest on overseas taxation recovered	–	19	19
Sub-underwriting commission	30	24	46
	5,493	5,610	12,767

3 Net return per ordinary share

Return per ordinary share attributable to Shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Half-year ended 31 March 2018 £'000s	Half-year ended 31 March 2017 £'000s	Year ended 30 September 2017 £'000s
Revenue return	4,762	5,004	11,459
Capital return	(6,377)	22,330	33,935
Total return	(1,615)	27,334	45,394
	Number	Number	Number
Weighted average ordinary shares in issue	99,367,098	97,453,499	97,835,501
Total return per share	(1.63p)	28.04p	46.40p

4 Dividends

Dividends paid on ordinary shares	Payment date	Half-year ended 31 March 2018 £'000s	Half-year ended 31 March 2017 £'000s	Year ended 30 September 2017 £'000s
Fourth of four interims for the year ended 30 September 2016 of 3.25p per share	30 December 2016	–	3,158	3,158
First of four interims for the year ending 30 September 2017 of 2.40p per share	31 March 2017	–	2,347	2,347
Second of four interims for the year ending 30 September 2017 of 2.40p per share	30 June 2017	–	–	2,351
Third of four interims for the year ended 30 September 2017 of 2.40p per share	29 September 2017	–	–	2,365
Fourth of four interims for the year ended 30 September 2017 of 3.45p per share	27 December 2017	3,413	–	–
First of four interims for the year ending 30 September 2018 of 2.45p per share	29 March 2018	2,446	–	–
		5,859	5,505	10,221

The second interim dividend of 2.45p per share in respect of the year ending 30 September 2018 will be paid on 29 June 2018 to Shareholders on the register on 8 June 2018. The total cost of this dividend, based on 100,759,268 shares in issue and entitled to the dividend on 24 May 2018, is £2,469,000.

5 Investments

	Level1(1) £'000s	Level 2(1) £'000s	Level 3(1) £'000s	Total £'000s
Cost at 30 September 2017	**217,054**	**–**	**1,795**	**218,849**
Gains/(losses) at 30 September 2017	**109,665**	**–**	**(1,795)**	**107,870**
Valuation at 30 September 2017	**326,719**	**–**	**–**	**326,719**
Transfer to level 3(2)	**(983)**	**–**	**983**	**–**
Purchases at cost	**26,055**	**–**	**–**	**26,055**
Sales proceeds	**(18,664)**	**–**	**–**	**(18,664)**
Gains on investments sold in period	**2,834**	**–**	**–**	**2,834**
Losses on investments held at period end	**(7,740)**	**–**	**(983)**	**(8,723)**
Valuation of investments at 31 March 2018	**328,221**	**–**	**–**	**328,221**
Cost at 31 March 2018	**226,296**	**–**	**2,778**	**229,074**
Gains/(losses) at 31 March 2018	**101,925**	**–**	**(2,778)**	**99,147**
Valuation of investments at 31 March 2018	**328,221**	**–**	**–**	**328,221**

(1) Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.
Level 2 includes investments for which the quoted price has been suspended.
Level 3 includes any unquoted investments.

(2) Transfer due to investee company placed into administration.

The Company's subsidiary, F&C Income Growth Investment Trust, was dissolved on 28 March 2018.

6 Debtors

	31 March 2018 £'000s	31 March 2017 £'000s	30 September 2017 £'000s
Accrued income	**2,285**	2,096	1,152
Prepayments	**13**	13	30
Overseas taxation recoverable	**32**	29	33
	2,330	2,138	1,215

7 Creditors: amounts falling due within one year

	31 March 2018 £'000s	31 March 2017 £'000s	30 September 2017 £'000s
Management fee	**327**	317	333
Bank overdraft	**378**	1,049	–
Loan interest	**4**	6	8
Accruals	**59**	81	92
	768	1,453	433

8 Creditors: Loan

	31 March 2018 £'000s	31 March 2017 £'000s	30 September 2017 £'000s
Sterling loan falling due within one year	**20,000**	20,000	20,000

On 20 March 2018 the Company entered into a new multicurrency revolving facility agreement of up to £30 million with Scotiabank (Ireland) ("Scotiabank"), expiring on 26 March 2021. On 28 March 2018 the Company drew down £20 million from the Scotiabank facility and repaid the existing £20 million fixed rate borrowing with State Street Bank and Trust Company. The interest rate margin and the commitment fees on the Scotiabank facility have been set at commercial rates.

9 Share capital

Equity share capital	Issued and fully paid Number	Issued and fully paid £'000s
Ordinary shares of 25p each		
Balance at 30 September 2017	98,534,268	24,634
Ordinary shares issued	1,475,000	368
Balance at 31 March 2018	**100,009,268**	**25,002**

In the half-year ended 31 March 2018, 1,475,000 ordinary shares were issued for total proceeds of £4,794,000.
Since 31 March 2018 a further 750,000 ordinary shares have been issued for total proceeds of £2,391,000.

Notes on the Condensed Accounts (continued)

10 Net asset value per ordinary share

	31 March 2018	31 March 2017	30 September 2017
Net asset value per share - pence	**309.75**	303.47	317.11
Net assets attributable at the period end - (£'000s)	**309,783**	296,746	312,463
Number of ordinary shares in issue at the period end	**100,009,268**	97,784,268	98,534,268

11 Reconciliation of total return before taxation to net cash flows from operating activities

	Half-year ended 31 March 2018 £'000s	Half-year ended 31 March 2017 £'000s	Year ended 30 September 2017 £'000s
Net return on ordinary activities before taxation	**(1,615)**	27,225	45,291
Adjustments for non-cash flow items, dividend income and interest expense:			
Losses/(gains) on investments	**5,889**	(22,792)	(34,881)
Foreign exchange losses/(gains)	**5**	2	(1)
Non-operating expenses of a capital nature	**10**	1	19
Dividend income receivable	**(5,454)**	(5,566)	(12,699)
Interest payable	**272**	294	566
Decrease/(increase) in other debtors	**18**	19	(3)
(Decrease)/increase in other creditors	**(39)**	(4)	16
	701	(28,046)	(46,983)
Adjustment for other cash flow items:			
Overseas taxation recovered	**–**	109	109
Net cash outflow from operating activities (before dividends received and interest paid)	**(914)**	(712)	(1,583)

12 Going concern

The Company's investment objective, strategy and policy are subject to a process of regular Board monitoring and are designed to ensure that the Company is invested mainly in readily realisable, listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian and an agreement covers its borrowing facility. Cash is held with banks approved and regularly reviewed by the Manager and the Board.

The Directors believe that: the Company's objective and policy continue to be relevant to investors; the Company operates within a robust regulatory environment; and the Company has sufficient resources and arrangements to continue operating within its stated policy for the 12 month period commencing from the date of this report. Accordingly, the financial statements have been drawn up on the basis that the Company is a going concern.

13 Results

The results for the half-year ended 31 March 2018 and 31 March 2017, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 September 2017; the report of the independent auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 September 2017 are an extract from those accounts.

By order of the Board
F&C Investment Business Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY

24 May 2018

Directors' Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties are market related and no different from those of other investment trusts investing primarily in listed equities. They are described in more detail under the heading "Principal risks and future prospects" within the strategic report in the Company's annual report for the year ended 30 September 2017. The risks have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

The risks include: having an inappropriate strategy in relation to investor needs; failure on the part of the Manager to continue to operate effectively; unfavourable markets or inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives leading to investment underperformance. Also included are risks in relation to errors, fraud or control failures at service providers, or loss of data through cyber-threats or business continuity failure.

Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Steven Bates
Chairman
24 May 2018

How to invest

One of the most convenient ways to invest in F&C Capital and Income Investment Trust PLC is through one of the savings plans run by F&C Investments.

F&C Investment Trust ISA
You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2018/19 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits

Junior ISA ("JISA")*
You can invest up to £4,260 for the tax year 2018/19 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with F&C or another provider) to an F&C JISA

F&C Child Trust Fund ("CTF")*
If your child has a CTF you can invest up to £4,260 for the 2018/19 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to an F&C CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

F&C Private Investor Plan ("PIP")
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

F&C Children's Investment Plan ("CIP")
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

Charges
Annual management charges and other charges apply according to the type of plan.

Annual account charge
ISA: £60+VAT
PIP: £40+VAT
JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charges
ISA: 0.2%
PIP/CIP/JISA: postal instructions £12, online instruction £8 per Trust

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the PIP, CIP and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than two switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

For full details of our savings plans and charges, please read the Key Features and Terms and Conditions of the plan – available on our website **fandc.com/literature**.

How to Invest
To open a new F&C savings plan, apply online at **fandc.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to F&C, or if you are applying for a new plan in more than one name.

How to invest (continued)

New Customers:
Contact our Team
Call: **0800 136 420****
(8:30am – 5:30pm, weekdays)
Email: **info@fandc.com**

Existing Plan Holders:
Contact our Team
Call: **0345 600 3030****
(9:300am – 5:30pm, weekdays)
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, TD Direct Investing, The Share Centre.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please read our Key Features Document before you invest and this can be found on our website **fandc.co.uk**. Before investing please also ensure you read the Pre-sales cost disclosure related to the product you are applying for and the relevant Key Information Document (KIDs) for the investment trusts you are wanting to invest into. F&C cannot give advice on the suitability of investing in our investment trust or savings plans. If you have any doubt as to the suitability of an investment, please contact a professional financial adviser.

Notes
*The CTF and JISA accounts are opened in the child's name and they can have access to the account at age 18.
**Calls may be recorded or monitored for training and quality purposes.

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Information for Shareholders

Net asset value and share price

The Company's net asset value per share is released daily, on the working day following the calculation date, to the London Stock Exchange. The current share price of F&C Capital and Income Investment Trust PLC is shown in the investment trust section of the stock market page in most leading newspapers, usually under "F&C Capital and Income".

Performance information

Information on the Company's performance is provided in the half-yearly and final reports which are sent to Shareholders in June and December respectively. More up-to-date performance information is available on the Internet at www.fandccit.com under "Investor Information". This website also provides a monthly update on the Company's geographic spread and largest holdings, along with comments from the Fund Manager.

UK capital gains tax ("CGT")

An approved investment trust does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £11,700 in the tax year ended 5 April 2019 without incurring any tax liability.

A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£34,500 in 2018/19 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

Income tax

The second interim dividend of 2.45 pence per share is payable on 29 June 2018. From 6 April 2018 the annual tax free allowance to UK residents on dividend income received in their share portfolio is £2,000. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers).

AIC

F&C Capital and Income Investment Trust PLC is a member of the AIC, which publishes a monthly statistical information service in respect of member companies. The publication also has details of ISA and other investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website: **www.theaic.co.uk**

Electronic communications

Computershare provides a service to enable Shareholders to receive Shareholder correspondence electronically (including annual and half yearly financial reports) if they wish. If a Shareholder opts to receive documents in this way, paper documents will only be available on request. Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the Company's website where the documents can be viewed or printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at **www.investorcentre.co.uk** (you will need your Shareholder reference number which can be found on your share certificate or dividend confirmation).

Common reporting standards

Tax legislation requires investment trust companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment trusts. All new shareholders, excluding those who shares are held in CREST, who are entered onto the share register are sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **www.gov.uk/government/publications/exchange-of-information-account-holders**.

Availability of report and accounts

The Company's report and accounts are available on the Internet at www.fandccit.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0345 600 3030(1).

(1) Calls may be recorded or monitored for training and quality purposes.