

# Foreign & Colonial Investment Trust PLC

Report and Accounts for the half-  
year ended 30 June 2016

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## Introducing Foreign & Colonial

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Founded in 1868 as the first ever investment trust, Foreign & Colonial continually evolves; keeping pace with new investment opportunities and maintaining its relevance in today's world.

Our objective 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.

Our approach is designed to provide investors with the performance benefits of having concentrated individual investment portfolios together with the diversification benefits of lower risk and volatility that derive from being managed as part of a larger combined portfolio.

Conservatively managed and offering investors a globally diversified portfolio, Foreign & Colonial aims to be at the centre of an investor's portfolio as part of a wider investment solution.

Foreign & Colonial is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth in capital and income from investment in global markets and who understand and are willing to accept the risks, as well as the rewards, of exposure to equities.

Visit our website at [www.foreignandcolonial.com](http://www.foreignandcolonial.com)

Registered in England with Company Registration Number: 12901

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.

# Summary of Unaudited Results for the half-year ended 30 June 2016

512.3  
pence

**Net asset value per share up to 512.3 pence – a new high**

7.7%

**Net asset value per share total return of 7.7% – below the FTSE All World Index return of 12.0%**

455.0  
pence

**Share price of 455 pence – representing a total return of 3.0% as discount widened**

**Another real rise in the dividends is planned for 2016, which would be the forty-sixth consecutive annual increase**

## Chairman's Statement

### Performance

The first six months of 2016 saw strong absolute returns with our net asset value ("NAV") ending the period at a new all-time high. Our 7.7% NAV return compared favourably to returns of our peers although lagged the 12.0% rise in the FTSE All World Index over the period. Shareholder returns were 3.0% as uncertainty over Brexit led to a general widening in discounts across the sector, with our discount widening to 11.2%. We continued our policy of buying back shares in the Company to the benefit of shareholders.

Underlying equity market returns were broadly flat in local currency terms over the first half. Sterling fell to a 30 year low against the dollar after the Brexit referendum. Our portfolio is largely invested in overseas assets and therefore benefited from Sterling's weakness. Our private equity portfolio also posted healthy returns during the six months, gaining 13.7% and generating £36m of net cash flow.

Low interest rates over the period presented an opportunity for the Company to extend the maturity of its borrowings and we introduced a total of £75m of long term sterling denominated funding.

### Income and Dividends

Our net revenue return per share rose 26% in the first half in comparison to the first six months of 2015 as income from investments posted strong gains. This improvement in our revenue account is to be welcomed and, if

maintained, will allow us to cover our dividend sooner than we had originally expected.

We paid an interim dividend of 2.3p per share in February 2016 and a final dividend of 2.7p in respect of 2015 in May. The first interim dividend of 2.35p for 2016 will be paid on 1 August.

### Outlook and Markets

Modest economic growth, combined with relaxed monetary policy, has proven to be a supportive combination for equity markets. In addition negative cash rates and low yielding assets are proving supportive of high quality dividend paying equities. However, elevated geopolitical uncertainties coupled with the challenge of growing profits and improving margins in a low growth world leave us with a difficult corporate backdrop.

### Contributors to total returns in first half of 2016

	%
Benchmark total return	12.0
Active return	-2.8
Effect of directly incurred management fees	-0.2
Interest and other expenses	-0.2
Buybacks	0.1
Gearing	-1.2
Net asset value total return	7.7
Effect of discount	-4.7
Share price total return	3.0

Source: F&C Investment Business Limited

## Chairman's Statement

Periodic bouts of investor optimism and fear will likely continue to be a feature of markets but, despite short term challenges, we remain focused on our objective of growing capital and income over the long term for the benefit of our shareholders. Another real rise in dividends is planned for 2016, which would be the forty-sixth consecutive annual increase.



Simon Fraser  
Chairman  
27 July 2016

## Chairman's Statement

### Weightings, stock selection and performance in each investment portfolio strategy and underlying geographic exposure versus index as at 30 June 2016

Portfolio	Our portfolio strategy weighting %	Underlying geographic exposure* %	Benchmark weighting %	Our strategy performance in sterling %	Index performance in sterling %
UK	6.6	9.0	6.6	6.3	6.4
North America	31.5	46.3	55.9	9.2	14.9
Europe ex UK	12.4	19.5	14.4	-0.6	4.6
Japan	7.7	9.3	8.3	7.2	4.1
Emerging Markets	10.7	12.5	10.5	25.4	17.3
Developed Pacific	–	3.4	4.3	–	–
Private Equity	9.1	–	–	13.7	–
Global Strategies	22.0	–	–	9.4	12.0

\*Represents the geographic exposure of the portfolio, including underlying exposures in private equity and fund holdings

Source: F&C Investment Business Limited

### Forward-looking statements

This interim 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.

## Ten Largest Listed Securities

30 Jun 2016	31 Dec 2015		Value £'000s	% of total investments
1	(1)	<b>Amazon</b>	38,704	1.3
2	(3)	<b>Unitedhealth</b>	31,984	1.1
3	(2)	<b>Alphabet</b>	30,402	1.0
4	(4)	<b>Microsoft</b>	28,844	1.0
5	(8)	<b>Utilico Emerging Markets</b>	28,235	0.9
6	(7)	<b>CRH</b>	27,368	0.9
7	(5)	<b>Novartis</b>	24,836	0.8
8	(6)	<b>Roche</b>	24,538	0.8
9	(9)	<b>Unilever</b>	22,561	0.7
10	(14)	<b>Pfizer</b>	22,444	0.7

The value of the ten largest listed securities represents 9.2% (31 December 2015: 9.4%) of the Company's total investments. The figures in brackets denote the position at the previous year end.

## Ten Largest Fund Holdings

30 Jun 2016	31 Dec 2015		Value £'000s	% of total investments
1	(1)	<b>Pantheon Europe Fund V</b>	41,639	1.4
2	(3)	<b>HarbourVest Partners VIII Buyout Fund</b>	25,240	0.8
3	(4)	<b>Pantheon Asia Fund V</b>	24,991	0.8
4	(2)	<b>HarbourVest Partners Ventures VIII Fund</b>	23,619	0.8
5	(6)	<b>Dover Street VII</b>	20,906	0.7
6	(9)	<b>Dover Street VI</b>	19,506	0.6
7	(7)	<b>HarbourVest Partners VII Buyout Fund</b>	18,357	0.6
8	(8)	<b>Pantheon Europe Fund III</b>	16,790	0.6
9	(16)	<b>HIPEP VI Asia Pacific Fund</b>	16,169	0.5
10	(15)	<b>Findlay Park American Fund</b>	15,931	0.5

The value of the ten largest fund holdings represents 7.3% (31 December 2015: 7.8%) of the Company's total investments. The figures in brackets denote the position at the previous year end.

## Unaudited Condensed Income Statement

Notes	6 months to 30 June 2016			6 months to 30 June 2015			Year ended 31 December 2015		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	–	205,681	205,681	–	71,135	71,135	-	164,815	164,815
	867	(40,045)	(39,178)	(219)	9,871	9,652	(127)	(6,577)	(6,704)
3	44,121	–	44,121	35,868	–	35,868	57,982	–	57,982
4	(2,813)	(4,362)	(7,175)	(2,710)	(4,422)	(7,132)	(5,252)	(8,850)	(14,102)
	<b>42,175</b>	<b>161,274</b>	<b>203,449</b>	<b>32,939</b>	<b>76,584</b>	<b>109,523</b>	<b>52,603</b>	<b>149,388</b>	<b>201,991</b>
4	(760)	(2,281)	(3,041)	(561)	(1,682)	(2,243)	(1,206)	(3,619)	(4,825)
	<b>41,415</b>	<b>158,993</b>	<b>200,408</b>	<b>32,378</b>	<b>74,902</b>	<b>107,280</b>	<b>51,397</b>	<b>145,769</b>	<b>197,166</b>
5	(3,839)	–	(3,839)	(2,364)	–	(2,364)	(4,135)	(269)	(4,404)
6	<b>37,576</b>	<b>158,993</b>	<b>196,569</b>	<b>30,014</b>	<b>74,902</b>	<b>104,916</b>	<b>47,262</b>	<b>145,500</b>	<b>192,762</b>
6	<b>6.73</b>	<b>28.50</b>	<b>35.23</b>	<b>5.34</b>	<b>13.33</b>	<b>18.67</b>	<b>8.42</b>	<b>25.94</b>	<b>34.36</b>

The total column is the profit and loss account of the Company.

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

# Unaudited Condensed Statement of Changes in Equity

Notes	Called-up share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserves £'000s	Total shareholders' funds £'000s
<b>Half-year ended 30 June 2016</b>					
Balance brought forward at 31 December 2015	140,455	122,307	2,361,073	78,329	2,702,164
<b>Movements during the half-year ended 30 June 2016</b>					
11 Dividends paid/payable	–	–	–	(40,833)	(40,833)
10 Shares repurchased by the Company and held in Treasury	–	–	(27,949)	–	(27,949)
Return attributable to shareholders	–	–	158,993	37,576	196,569
<b>Balance carried forward 30 June 2016</b>	<b>140,455</b>	<b>122,307</b>	<b>2,492,117</b>	<b>75,072</b>	<b>2,829,951</b>
<b>Half-year ended 30 June 2015</b>					
Balance brought forward at 31 December 2014	140,573	122,189	2,230,361	84,390	2,577,513
<b>Movements during the half-year ended 30 June 2015</b>					
11 Dividends paid	–	–	–	(27,538)	(27,538)
10 Shares repurchased by the Company and cancelled	(118)	118	(2,121)	–	(2,121)
10 Shares repurchased by the Company and held in Treasury	–	–	(4,812)	–	(4,812)
Return attributable to shareholders	–	–	74,902	30,013	104,915
<b>Balance carried forward 30 June 2015</b>	<b>140,455</b>	<b>122,307</b>	<b>2,298,330</b>	<b>86,865</b>	<b>2,647,957</b>
<b>Year ended 31 December 2015</b>					
Balance brought forward 31 December 2015	140,573	122,189	2,230,361	84,390	2,577,513
<b>Movements during the year ended 31 December 2015</b>					
11 Dividends paid	–	–	–	(53,323)	(53,323)
Shares repurchased by the Company and cancelled	(118)	118	(2,121)	–	(2,121)
Shares repurchased by the Company and held in Treasury	–	–	(12,667)	–	(12,667)
Return attributable to shareholders	–	–	145,500	47,262	192,762
<b>Balance carried forward 31 December 2015</b>	<b>140,455</b>	<b>122,307</b>	<b>2,361,073</b>	<b>78,329</b>	<b>2,702,164</b>

## Unaudited Condensed Balance Sheet

Notes	30 June 2016 £'000s	30 June 2015 £'000s	31 Dec 2015 £'000s
Fixed Assets			
7 Investments	<b>3,008,695</b>	2,866,056	2,932,572
Current assets			
Debtors	<b>55,172</b>	9,376	6,044
Cash and cash equivalents	<b>120,888</b>	27,461	73,605
	<b>176,060</b>	36,837	79,649
<b>Creditors: amounts falling due within one year</b>			
8 Loans	<b>(42,651)</b>	(147,888)	(154,096)
9 Other	<b>(68,773)</b>	(21,309)	(10,818)
	<b>(111,424)</b>	(169,197)	(164,914)
<b>Net current assets/(liabilities)</b>	<b>64,636</b>	(132,360)	(85,265)
<b>Total assets less current assets/(liabilities)</b>	<b>3,073,331</b>	2,733,696	2,847,307
<b>Creditors: amounts falling due after more than one year</b>			
8 Loans	<b>(242,805)</b>	(85,164)	(144,568)
8 Debentures	<b>(575)</b>	(575)	(575)
	<b>(243,380)</b>	(85,739)	(145,143)
<b>Net assets</b>	<b>2,829,951</b>	2,647,957	2,702,164
<b>Capital and reserves</b>			
10 Share capital	<b>140,455</b>	140,455	140,455
Capital redemption reserve	<b>122,307</b>	122,307	122,307
Capital reserves	<b>2,492,117</b>	2,298,330	2,361,073
Revenue reserve	<b>75,072</b>	86,865	78,329
12 <b>Total shareholders' funds</b>	<b>2,829,951</b>	2,647,957	2,702,164
<b>Net asset value per share – prior charges at nominal value (pence)</b>	<b>512.25</b>	472.22	483.42

## Unaudited Condensed Statement of Cash Flows

Notes	6 months to 30 June 2016 £'000s	6 months to 30 June 2015 £'000s	Year ended 31 Dec 2015 £'000s
13 Cash flows from operating activities	<b>26,728</b>	20,901	34,466
Investing activities			
Purchases of Investments	<b>(526,562)</b>	(636,462)	(1,084,118)
Sales of Investments	<b>653,790</b>	662,355	1,126,372
Other capital charges and credits	<b>(20)</b>	(32)	(58)
<b>Cash flows from investing activities</b>	<b>127,208</b>	25,861	42,196
<b>Cash flows before financing activities</b>	<b>153,936</b>	46,762	76,662
<b>Financing activities</b>			
Equity dividends paid	<b>(27,851)</b>	(27,538)	(53,323)
Movement on loans	<b>(51,949)</b>	(17,150)	31,873
Cash flow from share buybacks into treasury	<b>(26,263)</b>	(4,595)	(12,464)
Cash flow from share buybacks for cancellation	<b>–</b>	(2,121)	(2,121)
<b>Cash flows from financing activities</b>	<b>(106,063)</b>	(51,404)	(36,035)
Net increase /(decrease) in cash and cash equivalents	<b>47,873</b>	(4,642)	40,627
Cash and cash equivalents at the beginning of the period	<b>73,605</b>	32,831	32,831
Effect of movement in foreign exchange	<b>(590)</b>	(728)	147
<b>Cash and cash equivalents at the end of the period</b>	<b>120,888</b>	27,461	73,605
Represented by:			
Cash at bank	<b>38,120</b>	2,978	8,322
Short term deposits	<b>82,768</b>	24,483	65,283
<b>Cash and cash equivalents at the end of the period</b>	<b>120,888</b>	27,461	73,605



# Unaudited Notes on the Condensed Accounts

## 1 Results

The results for the six months to 30 June 2016 and 30 June 2015 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 31 December 2015; the report of the Auditors thereon was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The condensed financial statements shown above for the year end 31 December 2015 are an extract from those accounts.

## 2 Accounting policies

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS102, Interim Financial Reporting (FRS104) issued by the FRC in March 2015 and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts"(SORP) issued by the AIC in November 2014.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 31 December 2015.

## 3 Income

	6 months to 30 June 2016 £'000s	6 months to 30 June 2015 £'000s	Year ended 31 Dec 2015 £'000s
Income comprises:			
UK dividends	7,973	6,290	12,121
Overseas dividends	35,764	29,231	45,290
Rebate on management fees	329	234	424
Interest on short-term deposits and withholding tax reclaims	50	109	125
Underwriting commission	–	4	22
Sundry income	5	–	–
<b>Income</b>	<b>44,121</b>	<b>35,868</b>	<b>57,982</b>

## 4 Fees and other expenses and interest payable

	6 months to 30 June 2016 £'000s	6 months to 30 June 2015 £'000s	Year ended 31 Dec 2015 £'000s
Fees and other expenses	7,175	7,132	14,102
Interest payable and similar charges	3,041	2,243	4,825
<b>Total</b>	<b>10,216</b>	<b>9,375</b>	<b>18,927</b>
Fees and other expenses comprise:			
Allocated to Revenue Account			
– Management fees payable directly to the Manager*	1,400	1,426	2,849
– Other expenses	1,413	1,284	2,403
	<b>2,813</b>	<b>2,710</b>	<b>5,252</b>
Allocated to Capital Account			
– Management fees payable directly to the Manager*	4,202	4,276	8,546
– Management fees payable directly to Private Equity Managers	139	114	245
– Other expenses	21	32	59
	<b>4,362</b>	<b>4,422</b>	<b>8,850</b>
Interest payable and similar charges comprise:			
Allocated to Revenue Account	760	561	1,206
Allocated to Capital Account	2,281	1,682	3,619

\*including reimbursement in respect of services provided by sub-managers.

The primary related party transaction is with the Manager, F&C Investment Business Limited. The Manager, a subsidiary of BMO, receives remuneration of 0.365% per annum of the market capitalisation of the Company, calculated at each month end date on a pro-rata basis. The fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. The services provided by the Manager remain unchanged from those disclosed within the accounts for the year ended 31 December 2015. The level of variable fees payable in respect of third party sub-managers and private equity managers remain unchanged since the year end. Fees payable directly to private equity managers, in respect of Pantheon Europe Fund III, are 0.32% per annum based on total commitments.

# Unaudited Notes on the Condensed Accounts

## 5 Taxation

The taxation charge of £3,839,000 (30 June 2015 – £2,364,000 and 31 December 2015 – £4,404,000) relates to irrecoverable overseas taxation. The charge for the prior comparative periods was net of £424,000 of prior years' withholding tax recovered from the French tax authorities.

## 6 Net return

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

	<b>6 months to 30 June 2016 £'000s</b>	6 months to 30 June 2015 £'000s	Year ended 31 Dec 2015 £'000s
Total Return	<b>196,569</b>	104,916	192,762
Revenue Return	<b>37,576</b>	30,014	47,262
Capital Return	<b>158,993</b>	74,902	145,500
Weighted average ordinary shares in issue, excluding treasury shares (see note 10)	<b>557,930,340</b>	561,822,186	560,998,806
	<b>6 months to 30 June 2016 pence</b>	6 months to 30 June 2015 pence	Year ended 31 Dec 2015 pence
Total Return	<b>35.23</b>	18.67	34.36
Revenue Return	<b>6.73</b>	5.34	8.42
Capital Return	<b>28.50</b>	13.33	25.94

## 7 Investments

### Fair value hierarchy

The Company's Investments as disclosed in the balance sheet are valued at fair value.

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level 1 includes investments and derivatives listed on any recognised stock exchange or quoted on the AIM market in the UK (previously described as Level A).

Level 2 includes investments for which the quoted price has been suspended, forward exchange contracts and other derivative instruments (previously described as Level B).

Level 3 includes investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles (previously described as Levels C(i) (where observable market data is available) and C(ii) (where observable market data is not specifically available)).

The analysis of the valuation basis for financial instruments based on the hierarchy is as follows:

	<b>As at 30 June 2016* £'000s</b>	As at 30 June 2015* £'000s	As at 31 Dec 2015* £'000s
Level 1	<b>2,736,375</b>	2,550,730	2,654,247
Level 3	<b>272,320</b>	315,326	278,325
Total valuation of investments	<b>3,008,695</b>	2,866,056	2,932,572

\*There are no investments held which are valued in accordance with level 2

## 8 Loans and debentures

	<b>30 June 2016 £'000s</b>	30 June 2015 £'000s	31 Dec 2015 £'000s
Loans falling due within one year	<b>42,651</b>	147,888	154,096
Loans falling due after more than one year	<b>242,805</b>	85,164	144,568
Debenture falling due after more than one year	<b>575</b>	575	575
Comprise:			
Euro denominated loan, falling due within one year	<b>€25m</b>	€140.8m	€100m
Yen denominated loan, falling due within one year	<b>¥3bn</b>	¥9.3bn	¥14.254bn
US dollar denominated loan, falling due after more than one year	<b>\$80m</b>	\$80m	\$80m
Yen denominated loan, falling due after more than one year	<b>¥6.6bn</b>	¥6.6bn	¥6.6bn
Sterling denominated loan, falling due after more one year	<b>£75m</b>	–	–
Euro denominated loan, falling due after more than one year	<b>€72m</b>	–	–
4.25% perpetual debenture stock	<b>£0.575m</b>	£0.575m	£0.575m

# Unaudited Notes on the Condensed Accounts

## 9 Other creditors falling due within one year

	30 June 2016 £'000s	30 June 2015 £'000s	31 Dec 2015 £'000s
Cost of ordinary shares repurchased	1,965	217	203
Investment creditors	50,110	18,792	7,083
Management fees payable to F&C	2,102	1,226	2,224
Dividend payable	12,982	–	–
Other accrued expenses	1,614	1,074	1,308
	<b>68,773</b>	21,309	10,818

## 10 Share capital

	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue nominal £'000s
Equity share capital				
Ordinary shares of 25p each				
Balance at 31 December 2015	2,845,947	558,973,069	561,819,016	140,455
Shares repurchased by the Company and held in treasury	6,514,552	(6,514,552)	–	–
Balance at 30 June 2016	<b>9,360,499</b>	<b>552,458,517</b>	<b>561,819,016</b>	<b>140,455</b>

During the period, 6,514,552 shares were repurchased and held in treasury, at a total cost of £27,949,000. Since 30 June 2016 a further 1,314,885 ordinary shares have been repurchased and held in treasury at a cost of £6,194,000. Shares held in treasury have no voting rights and no right to dividend distributions and are excluded from the calculations of earnings per share and net asset value per share.

## 11 Dividends

Dividends paid and payable on ordinary shares	Register date	Payment date	6 months to 30 Jun 2016 £'000s	6 months to 30 Jun 2015 £'000s	Year ended 31 Dec 2015 £'000s
2014 Third interim of 2.20p	5 Jan 2015	2 Feb 2015	–	11,978	12,370
2014 Final of 2.70p	28 Feb 2015	1 May 2015	–	15,359	15,168
2015 First interim of 2.30p	3 Jul 2015	3 Aug 2015	–	–	12,896
2015 Second interim of 2.30p	2 Oct 2015	2 Nov 2015	–	–	12,889
2015 Third interim of 2.30p	7 Jan 2016	1 Feb 2016	12,857	–	–
2015 Final of 2.70p	31 Mar 2016	1 Apr 2016	14,994	–	–
2016 First interim of 2.35p	1 Jul 2016	1 Aug 2016	12,982	–	–
			<b>40,833</b>	27,337	53,323

## 12 Net asset value per ordinary share

	30 June 2016	30 June 2015	31 Dec 2015
Net asset value per share (with debenture stocks at nominal value) – pence	512.25	472.22	483.42
Net assets attributable at end of period – £'000s	<b>2,829,951</b>	2,647,957	2,702,164
Ordinary shares of 25p in issue at end of year excluding shares held in treasury – number	<b>552,458,517</b>	560,745,801	558,973,069

Net asset value per share (with debenture stocks at market value) at 30 June 2016 was 512.27p (30 June 2015 – 472.25p and 31 December 2015 – 483.44p). The market value of debenture stocks at 30 June 2016 was £429,000 (30 June 2015 and 31 December 2015 – £429,000).

## Unaudited Notes on the Condensed Accounts

### 13 Reconciliation of net return before finance costs and taxation to cash flows from operational activities

	6 months to 30 June 2016 £'000s	6 months to 30 June 2015 £'000s	Year ended 31 Dec 2015 £'000s
Net return before finance costs and taxation	200,408	107,280	197,166
Adjust for non-cash flow items:			
Gains on Investments	(205,681)	(71,135)	(164,815)
Exchange losses/(gains)	39,178	(9,652)	6,704
Non-operating expenses of a capital nature	21	–	59
Increase in accrued income	(2,471)	(2,849)	(617)
(Increase)/decrease in other debtors	(65)	39	65
Increase/(decrease) in creditors	257	(445)	769
Tax on overseas income	(4,919)	(2,337)	(4,865)
	<b>(173,680)</b>	<b>(86,379)</b>	<b>(162,700)</b>
Cash flows from operating activities	<b>26,728</b>	<b>20,901</b>	<b>34,466</b>

### 14 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 agreements cover its borrowing facilities. 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.

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

27 July 2016

## 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 31 December 2015 and have not changed materially since the date of that report.

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; and errors, fraud or control failures at service providers, or loss of data through cyber-threats or business continuity failure. The longer-term implications of Brexit are as yet unknown, but as noted in the Chairman's Statement, the Company has benefited in the short term from the recent weakness in Sterling.

## 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;
- 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  
Simon Fraser  
Chairman  
27 July 2016

# How to invest

One of the most convenient ways to invest in Foreign & Colonial 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 £15,240 for the 2016/17 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. It's also easy to transfer any existing ISAs to us whilst maintaining all the tax benefits, and you can get more information on how to do this under 'Savings Plans' at [www.fandc.co.uk](http://www.fandc.co.uk)

## Junior ISA ("JISA")

You can invest up to £4,080 for the tax year 2016/17 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. You can get more information on how to do this under 'Savings Plans' at [www.fandc.co.uk](http://www.fandc.co.uk)

## F&C Child Trust Fund ("CTF")

If you already have a CTF you can invest up to £4,080 for the 2016/17 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. It's also easy to transfer a CTF from another provider to an F&C CTF – you can get more information on how to do this under 'Savings Plans' at [www.fandc.co.uk](http://www.fandc.co.uk)<sup>(1)</sup>

## 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.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. Money cannot be withdrawn until the child turns 18.

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 charge per holding

**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 charges, please read the Key Features and Terms and Conditions of the plan before investing – you can get more details on any of our Savings Plans by going to [www.fandc.co.uk](http://www.fandc.co.uk). 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 financial adviser.

## How to Invest

If you're opening a new plan it's easy to apply online by going to [www.fandc.com/apply](http://www.fandc.com/apply)<sup>(2)</sup>

## New Customers:

Contact our Team

Call: **0800 136 420**<sup>(3)</sup>

Email: [info@fandc.com](mailto:info@fandc.com)

## Existing Plan Holders:

Contact our Team

Call: **0345 600 3030**<sup>(4)</sup>

Email: [investor.enquiries@fandc.com](mailto:investor.enquiries@fandc.com)

By post: **F&C Plan Administration Centre**

**PO Box 11114**

**Chelmsford**

**CM99 2DG**

## Notes


(1) Please note that this account is only available for investors who already hold a CTF, and no new accounts can be opened.

(2) Please note that applying online 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.

(3) 8:30am -5:30pm, weekdays.

(4) 9:00am-5:00pm, weekdays.

All calls may be recorded or monitored for training and quality purposes.

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#### **Availability of report and accounts**

The Company's report and accounts are available on the Internet at [www.foreignandcolonial.com](http://www.foreignandcolonial.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\*\*.