

# F&C Investment Trust PLC

Report and Accounts for  
the half-year ended 30 June 2019

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# F&C Investment Trust PLC

Report and Accounts for  
the half-year ended 30 June 2019

Formerly Foreign & Colonial  
Investment Trust PLC



## Company Overview

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.

F&C Investment Trust PLC (“FCIT” or the “Company”) was founded in 1868 as the first ever investment trust, and continues to evolve; keeping pace with new investment opportunities and maintaining its relevance in today’s world.

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 lower volatility that derive from being managed as part of a larger combined portfolio. Offering investors a globally diversified portfolio, FCIT aims to be at the core of an investor’s portfolio.

FCIT 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 [fandcit.com](http://fandcit.com)

### Forward-looking statements

This document 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 document. Nothing should be construed as a profit forecast.



The Company is registered in England and Wales with company registration number 12901  
Legal Entity Identifier: 213800W6B18ZHTNG7371

Potential investors are reminded that the value of investments and the income from dividends 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.

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## Financial Highlights for the half-year

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11.7%

**Our share price was 701.0 pence representing a total return<sup>(1)</sup> of 11.7%**

14.4%

**Our net asset value total return<sup>(1), (2)</sup> was 14.4% which compares with 16.4% from our benchmark, the FTSE All-World Index**

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**The first interim dividend will be 2.9 pence per share while another above-inflation rise is planned for the 2019 total dividend. This will mark the 49th consecutive annual increase**

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(1) Total return – 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\*

(2) Including debt at market value. Represents the replacement value of debt, assuming repaid and re-negotiated under current market conditions\*

\*See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 31 December 2018

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## Chairman's Statement

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### Markets and performance

Over the first half of the year the markets fully recovered from the sharp falls seen in the latter part of 2018 and our total shareholder return, although constrained by some pressure on the discount, was 11.7%. Our Net Asset Value (“NAV”) total return gained 14.4%, delivering the strongest first half NAV returns for over twenty years, but nevertheless lagged the exceptional returns from the market indices.

Despite signs that the global economy and earnings cycle were losing momentum and fluctuating sentiment on growth prospects, global equities were buoyed by rising expectations that central banks, led by the US Federal Reserve, would soon cut interest rates and suggestions the European Central Bank could restart quantitative easing. In addition, while concerns over trade continued to weigh periodically on markets some signs of progress between China and the US led investors to the conclusion that tariffs would be unlikely to materially dampen the overall outlook for the global economy and corporate earnings.

Investors in equities continued to look to bond markets for signs that the fragile growth backdrop may be tipping over into a more marked downturn. Interest rate expectations declined as the US Federal Reserve gave a dovish assessment and as inflationary pressures continued to prove elusive. Yields on longer dated bonds fell heavily, leading some to conclude that recession is likely in coming quarters. Historically the yield curve, representing the gap between long-term and short-term interest rates, is a reasonably accurate predictor of a future downturn. This warning sign, however,

was largely viewed as a less reliable indicator in a world of low interest rates and investors chose to regard the backdrop as benign, with moderate growth and inflation and central bankers seemingly willing and able to continue to supply liquidity, supporting asset prices further.

The sharp recovery in the public equity markets has yet to feed through to valuations in the private equity market and therefore our Private Equity portfolio returns of -1.4% were detrimental to the relative returns of the total investment portfolio. This was the single largest contributor to the underperformance against the benchmark. Private Equity has a strong record of delivering higher returns than listed equities in our portfolio and is expected to continue to enhance returns over the long term. The ultimate test with our Private Equity holdings has always been, and will always be, the cash returns we earn from the cash we invest.

Within our publicly listed equity portfolio in North America, US growth stocks led performance, beating cheaper ‘value’ stocks by a wide margin once again. This theme of lowly priced stocks lagging more highly rated companies was seen both across and within sectors globally and caused underperformance from a number of our strategies where managers seek to identify attractively valued stocks from a fundamental perspective. Within our Global Strategies, our Global Smaller Companies exposure performed well, with returns in line with the market, but our Global Income Strategy, which invests into cheaper and higher yielding stocks, substantially lagged the market as investors shunned income

## Chairman's Statement (continued)

related strategies, despite the sharp decline in bond yields. Our European holdings produced the strongest returns in absolute and relative terms with a gain of 18.0%. Other areas of the portfolio delivered strong absolute returns with gains of 7.4% from our Japanese and 11.8% from Emerging Markets holdings.

Our discount widened from 1.5% to 4.0%, but for much of the period our shares had traded at a premium to NAV and we issued 1.4m shares from Treasury during the first quarter. Towards the end of the period we bought back a small number of shares when the share price moved to a discount, consistent with our policy of pursuing a sustainably low deviation between the price and NAV per share in normal market conditions.

During the first half of the year, we took advantage of low interest rates to fix more of our borrowings through long-term private placement loans. At the end of June, we drew down £150m in tranches of maturities ranging between 7 to 40 years. The blended rate of this latest issue of debt is 2.2% and it takes the average rate on our borrowings down below 2.5%. Our debt profile is now highly diversified by maturity and we have locked in borrowing at historically low rates of interest. Our gearing level was 6.9% at the end of the period and continues to contribute positively to performance.

### Income and Dividends

Our net revenue return per share made further progress rising by 3.9%, to 8.08p, in comparison to the equivalent six-month period of 2018. Sterling fell on average against overseas currencies which was modestly accretive for our income but special dividends fell on the year to £2.3m, from £3.9m in the first half of 2018.

Contributors to total return in first half of 2019 (%)	
Portfolio return	13.8
Management fees	(0.2)
Interest and other expenses	(0.1)
Buybacks/issuance	-
Change in value of debt	(0.2)
Gearing	1.1
<b>Net asset value total return*</b>	<b>14.4</b>
Decrease in discount	(2.7)
<b>Share price total return</b>	<b>11.7</b>
FTSE All World Total Return	16.4

\*Debt at market value  
Source: BMO GAM

We paid a third interim dividend of 2.8p per share for the year ended 31 December 2018 in February 2019 and a final dividend of 2.8p in May. The first interim dividend of 2.9p for 2019 will be paid on 1 August. It is the intention of the Board to deliver another real rise in dividends for 2019. This will mark the forty-ninth consecutive rise in annual dividends from your Company.

### Chairmanship

In May we announced that Beatrice Hollond will succeed me as Chairman. Her in-depth investment knowledge, expertise and experience in asset management and her directorship and chairmanship skills make her very well suited in leading FCIT forward in the years ahead. Beatrice will be appointed Chairman with immediate effect upon my retirement from the Board on 31 December 2019.

### Outlook

By most metrics the past decade has seen the longest uninterrupted economic expansion in US history and the longest bull market ever. Equity investors have enjoyed a period of extraordinary returns following the Global Financial Crisis.

Looking forward, equity markets remain supported by reasonable valuations and fundamentals. Policymakers have shifted to a more accommodative stance given still low inflation and rising risks to growth. Investors have so far viewed this move positively, considering the reduction of interest rates as warranting higher valuations on future earnings, despite the increased risks.

The political and economic backdrop can be expected to remain uncertain, particularly for the UK given the unclear outcome of the Brexit negotiations. The risks are many but, as ever for FCIT throughout its long history, so too will there be opportunities. As a closed-ended listed investment company, we are not constrained

by asset sales to meet redemptions. Our share capital structure gives us the flexibility to take a longer term view and stay invested while taking advantage of illiquidity throughout normal and volatile markets. Shareholders can therefore be assured that we will continue to adhere to our strategy of holding concentrated individual portfolios that are managed, as a whole and on a sustainable basis, to provide global diversification, lower volatility and lower risk. With this approach to prudent risk taking across a diversified portfolio of shares, the benefit of a varied range of debt maturities at historically low rates and an Ongoing Charges figure of 0.65, we are very well positioned to seek and take opportunities as they arise and to continue to deliver on our objective of achieving long term growth in capital and income for shareholders.

Simon Fraser  
Chairman  
26 July 2019

### Weightings, stock selection and performance in each investment portfolio strategy and underlying geographic exposure versus index as at 30 June 2019

Investment portfolio strategy	Our portfolio strategy weighting %	Underlying geographic exposure*	Benchmark weighting %	Our strategy performance in sterling %	Index performance in sterling %
North America	43.6	55.1	56.9	17.5	18.9
Europe inc UK	15.3	22.3	19.4	18.0	16.5
Japan	7.6	8.8	7.7	7.4	7.5
Emerging Markets	10.3	11.6	11.9	11.8	10.7
Developed Pacific	-	2.2	4.1	-	18.1
Global Strategies	16.5			12.9	16.4
Private Equity	6.7			(1.4)	

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

## Twenty Largest Listed Equity Holdings

30 Jun 2019	31 Dec 2018		% of total investments	Value £'000s
1	(1)	Amazon	2.2	93,965
2	(2)	Microsoft	2.0	85,116
3	(12)	Facebook	1.3	54,583
4	(3)	Alphabet	1.1	48,507
5	(5)	Anthem	1.1	45,479
6	(4)	UnitedHealth	1.0	42,432
7	(13)	Comcast	0.9	37,644
8	(10)	Visa	0.8	35,580
9	(14)	Dollar General	0.8	34,710
10	(16)	Mastercard	0.8	32,298

30 Jun 2019	31 Dec 2018		% of total investments	Value £'000s
11	(8)	JPMorgan Chase	0.8	32,257
12	(15)	Chevron	0.7	30,961
13	(7)	Boeing	0.7	30,502
14	(11)	Lowe	0.7	30,237
15	(27)	Alibaba	0.7	29,659
16	(26)	SAP	0.7	29,445
17	(34)	Air Products & Chemicals	0.7	28,972
18	(17)	Apple	0.6	27,199
19	(74)	Broadcom	0.6	24,974
20	(-)	AstraZeneca	0.6	24,668

The value of the twenty largest listed equity holdings represents 18.8% (31 December 2018: 18.7%) of the Company's total investments. The figures in brackets denote the position at the previous year end.

## Unaudited Condensed Income Statement

Notes	Half-year ended 30 June 2019			Half-year ended 30 June 2018			Year ended 31 December 2018		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	-	482,028	482,028	-	99,822	99,822	-	(162,535)	(162,535)
	444	(3,521)	(3,077)	(77)	(1,409)	(1,486)	199	(5,557)	(5,358)
3	53,306	-	53,306	51,851	-	51,851	87,898	-	87,898
4	(4,190)	(6,264)	(10,454)	(4,280)	(6,241)	(10,521)	(8,423)	(12,874)	(21,297)
	<b>49,560</b>	<b>472,243</b>	<b>521,803</b>	<b>47,494</b>	<b>92,172</b>	<b>139,666</b>	<b>79,674</b>	<b>(180,966)</b>	<b>(101,292)</b>
4	(1,096)	(3,289)	(4,385)	(1,004)	(3,011)	(4,015)	(2,221)	(6,664)	(8,885)
	<b>48,464</b>	<b>468,954</b>	<b>517,418</b>	<b>46,490</b>	<b>89,161</b>	<b>135,651</b>	<b>77,453</b>	<b>(187,630)</b>	<b>(110,177)</b>
5	(4,535)	-	(4,535)	(4,333)	-	(4,333)	(8,015)	(29)	(8,044)
6	<b>43,929</b>	<b>468,954</b>	<b>512,883</b>	<b>42,157</b>	<b>89,161</b>	<b>131,318</b>	<b>69,438</b>	<b>(187,659)</b>	<b>(118,221)</b>
6	<b>8.08</b>	<b>86.30</b>	<b>94.38</b>	<b>7.78</b>	<b>16.44</b>	<b>24.22</b>	<b>12.81</b>	<b>(34.61)</b>	<b>(21.80)</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	Share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
<b>Half-year ended 30 June 2019</b>					
Balance brought forward 31 December 2018	140,455	122,307	3,126,949	102,202	3,491,913
<b>Movements during the half-year ended 30 June 2019</b>					
11 Shares issued by the Company from treasury	-	-	9,325	-	9,325
11 Shares repurchased by the Company and held in treasury	-	-	(297)	-	(297)
7 Dividends paid	-	-	-	(30,407)	(30,407)
Return attributable to shareholders	-	-	468,954	43,929	512,883
<b>Balance carried forward 30 June 2019</b>	<b>140,455</b>	<b>122,307</b>	<b>3,604,931</b>	<b>115,724</b>	<b>3,983,417</b>
<b>Half-year ended 30 June 2018</b>					
Balance brought forward 31 December 2017	140,455	122,307	3,313,941	91,320	3,668,023
<b>Movements during the half-year ended 30 June 2018</b>					
7 Dividends paid	-	-	-	(29,278)	(29,278)
Return attributable to shareholders	-	-	89,161	42,157	131,318
<b>Balance carried forward 30 June 2018</b>	<b>140,455</b>	<b>122,307</b>	<b>3,403,102</b>	<b>104,199</b>	<b>3,770,063</b>
<b>Year ended 31 December 2018</b>					
Balance brought forward 31 December 2017	140,455	122,307	3,313,941	91,320	3,668,023
<b>Movements during the year ended 31 December 2018</b>					
Shares issued by the Company from treasury	-	-	667	-	667
7 Dividends paid	-	-	-	(58,556)	(58,556)
Return attributable to shareholders	-	-	(187,659)	69,438	(118,221)
<b>Balance carried forward 31 December 2018</b>	<b>140,455</b>	<b>122,307</b>	<b>3,126,949</b>	<b>102,202</b>	<b>3,491,913</b>



## Unaudited Balance Sheet

Notes	30 June 2019 £'000s	30 June 2018 £'000s	31 December 2018 £'000s
	<b>Fixed Assets</b>		
8	4,254,412	4,020,017	3,717,610
	<b>Current assets</b>		
	12,260	25,078	38,698
	97,572	73,172	96,439
	<b>109,832</b>	<b>98,250</b>	<b>135,137</b>
	<b>Creditors: amounts falling due within one year</b>		
9	-	(20,000)	(110,047)
10	(14,246)	(8,230)	(35,587)
	<b>(14,246)</b>	<b>(28,230)</b>	<b>(145,634)</b>
	<b>95,586</b>	<b>70,020</b>	<b>(10,497)</b>
	<b>4,349,998</b>	<b>4,090,037</b>	<b>3,707,113</b>
	<b>Creditors: amounts falling due after more than one year</b>		
9	(366,006)	(319,399)	(214,625)
9	(575)	(575)	(575)
	<b>(366,581)</b>	<b>(319,974)</b>	<b>(215,200)</b>
	<b>3,983,417</b>	<b>3,770,063</b>	<b>3,491,913</b>
	<b>Capital and reserves</b>		
11	140,455	140,455	140,455
	122,307	122,307	122,307
	3,604,931	3,403,102	3,126,949
	115,724	104,199	102,202
12	<b>3,983,417</b>	<b>3,770,063</b>	<b>3,491,913</b>
12	<b>732.73</b>	<b>695.35</b>	<b>643.93</b>

## Unaudited Condensed Statement of Cash Flows

Notes	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
13	<b>(14,026)</b>	(14,140)	(27,695)
	52,384	49,843	84,873
	(5,125)	(3,848)	(8,521)
	<b>33,233</b>	<b>31,855</b>	<b>48,657</b>
	<b>Investing activities</b>		
	(683,510)	(707,605)	(1,840,994)
	631,944	700,739	1,886,950
	(18)	(34)	(57)
	<b>(51,584)</b>	<b>(6,900)</b>	<b>45,899</b>
	<b>(18,351)</b>	<b>24,955</b>	<b>94,556</b>
	<b>Financing activities</b>		
	(30,407)	(29,278)	(58,556)
14	(103,435)	(30,000)	(50,000)
14	151,666	75,000	75,000
	9,325	-	667
	-	(194)	(194)
	<b>27,149</b>	<b>15,528</b>	<b>(33,083)</b>
	8,798	40,483	61,473
	96,439	31,136	31,136
	(7,665)	1,553	3,830
	<b>97,572</b>	<b>73,172</b>	<b>96,439</b>
	Represented by:		
	38,042	5,103	27,875
	59,530	68,069	68,564
	<b>97,572</b>	<b>73,172</b>	<b>96,439</b>



## Unaudited Notes to the Condensed Accounts

### 1. Results

The results for the six months to 30 June 2019 and 30 June 2018 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 2018; 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 for the year end 31 December 2018 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 Companies Act 2006, FRS 102 (March 2018), Interim Financial Reporting (FRS 104) and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP), issued by the AIC in November 2014 and updated in February 2018.

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 2018.

### 3. Income

	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
Income comprises			
UK dividends	5,198	6,013	10,868
Overseas dividends	47,592	45,360	75,825
Rebate on management fees	167	289	656
Interest on short-term deposits and withholding tax reclaims	349	184	536
Underwriting commission	-	5	13
<b>Income</b>	<b>53,306</b>	<b>51,851</b>	<b>87,898</b>

Included within income is £2.3m (30 June 2018: £3.9m; 31 December 2018: £3.9m) of special dividends classified as revenue in nature.

The value of special dividends treated as capital in nature is £0.4m (30 June 2018: £0.0m; 31 December 2018: £0.6m).

### 4. Fees and other expenses and interest payable

	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
Fees and other expenses	10,454	10,521	21,297
Interest payable and similar charges	4,385	4,015	8,885
<b>Total</b>	<b>14,839</b>	<b>14,536</b>	<b>30,182</b>
Fees and other expenses comprise:			
Allocated to Revenue Account			
Management fees payable directly to the Manager*	2,082	2,073	4,277
Other expenses	2,108	2,207	4,146
	<b>4,190</b>	<b>4,280</b>	<b>8,423</b>
Allocated to Capital Account			
Management fees payable directly to the Manager*	6,244	6,220	12,830
Other expenses	20	21	44
	<b>6,264</b>	<b>6,241</b>	<b>12,874</b>
Interest payable and similar charges comprise:			
Allocated to Revenue Account			
	1,096	1,004	2,221
Allocated to Capital Account			
	3,289	3,011	6,664

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

The primary related party transaction is with the Manager, BMO Investment Business Limited. With effect from 1 January 2019 the Manager receives remuneration of 0.35% per annum of the market capitalisation of the Company up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion calculated at each month end date on a pro-rata basis. Prior to 1 January 2019, the fee was 0.365% per annum of the market capitalisation of the Company. The fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. Variable fees payable in respect of third party sub-managers are also reimbursed. The services provided by the Manager remain unchanged from those disclosed within the accounts for the year ended 31 December 2018. The level of variable fees payable in respect of third party sub-managers and private equity managers remain unchanged since the year end.

## 5. Taxation

The taxation charge of £4,535,000 (30 June 2018: £4,333,000 and 31 December 2018: £8,044,000) relates to irrecoverable overseas taxation.

## 6. Net return per share

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.

	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
Income comprises			
Revenue return	43,929	42,157	69,438
Capital return	468,954	89,161	(187,659)
Total return	512,883	131,318	(118,221)
Weighted average ordinary shares in issue, excluding treasury shares (see note 11)	543,437,152	542,180,712	542,191,397

	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
Revenue return	8.08	7.78	12.81
Capital return	86.30	16.44	(34.61)
Total return	94.38	24.22	(21.80)

## 7. Dividends

Dividends paid and payable on ordinary shares	Register Date	Payment date	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
2017 Third interim of 2.70p	5-Jan-2018	1-Feb-2018	-	14,639	14,639
2017 Final of 2.70p	3-Apr-2018	1-May-2018	-	14,639	14,639
2018 First interim of 2.70p	6-Jul-2018	1-Aug-2018	-	-	14,639
2018 Second interim of 2.70p	5-Oct-2018	1-Nov-2018	-	-	14,639
2018 Third interim of 2.80p	4-Jan-2019	1-Feb-2019	15,184	-	-
2018 Final of 2.80p	5-Apr-2019	8-May-2019	15,223	-	-
			30,407	29,278	58,556

The Directors have declared a first interim dividend in respect of the year ending 31 December 2019 of 2.90p per share, payable on 1 August 2019 to all shareholders on the register at close of business on 5 July 2019. The amount of this dividend will be £15,765,000 based on 543,619,804 shares in issue at 4 July 2019. This amount has not been accrued in the results for the half-year ended 30 June 2019.

## 8. 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 and quoted open-ended funds.

Level 2 includes investments for which the quoted price has been suspended, forward exchange contracts and other derivative instruments.

Level 3 includes investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles, for which observable market data is not specifically available.

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

	As at 30 June 2019 £'000s	As at 30 June 2018 £'000s	As at 31 December 2018 £'000s
Level 1	3,984,269	3,772,792	3,449,880
Level 3	270,143	247,225	267,730
Total valuation of investments	4,254,412	4,020,017	3,717,610

With respect specifically to investments in Private Equity, whether through funds or partnerships, the Directors rely on the latest available unaudited quarterly valuations of the underlying unlisted investments as supplied by the investment advisers or managers of those funds or partnerships. The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the principal accounting policies as stated in the year end report and accounts.

There were no derivative investments held in the period (half-year ended 30 June 2018 and year ended 31 December 2018: same) and no investments held which are valued in accordance with level 2.

## 9. Loans and Debentures

	30 June 2019 £'000s	30 June 2018 £'000s	31 December 2018 £'000s
Loans falling due within one year	-	20,000	110,047
Loans falling due after more than one year	<b>366,006</b>	319,399	214,625
Debenture falling due after more than one year	<b>575</b>	575	575
Comprising:			
Sterling denominated loan, falling due within one year	-	£20m	-
US dollar denominated loan, falling due within one year	-	-	\$80m
Yen denominated loan, falling due within one year	-	-	¥6.6bn
US dollar denominated loan, falling due after more than one year	-	\$80m	-
Yen denominated loan, falling due after more than one year	-	¥6.6bn	-
Sterling denominated loan, falling due after more one year	<b>£264m</b>	£150m	£150m
Euro denominated loan, falling due after more than one year	<b>€114m</b>	€72m	€72m
4.25% perpetual debenture stock	<b>£0.575m</b>	£0.575m	£0.575m

During the half year, the Yen and US denominated loans were repaid in full. In June 2019 the Company issued fixed rate senior unsecured notes in tranches of EUR42 million, £57 million, £37 million and £20 million expiring in June 2026, June 2042, June 2049 and June 2059 respectively. Interest rates applying to the notes are commercially competitive and fixed until the expiry dates.

## 10. Other creditors falling due within one year

	30 June 2019 £'000s	30 June 2018 £'000s	31 December 2018 £'000s
Cost of ordinary shares repurchased	<b>297</b>	-	-
Investment creditors	<b>7,346</b>	4,689	30,757
Management fees payable to the Manager	<b>1,977</b>	1,842	1,858
Foreign exchange contracts	<b>3,186</b>	-	878
Other accrued expenses	<b>1,440</b>	1,699	2,094
	<b>14,246</b>	8,230	35,587

## 11. 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 2018	<b>19,538,304</b>	<b>542,280,712</b>	<b>561,819,016</b>	<b>140,455</b>
Shares sold from treasury	<b>(1,400,000)</b>	<b>1,400,000</b>	-	-
Shares repurchased by the Company and held in treasury	<b>42,146</b>	<b>(42,146)</b>	-	-
Balance at 30 June 2019	<b>18,180,450</b>	<b>543,638,566</b>	<b>561,819,016</b>	<b>140,455</b>

1,400,000 shares were issued out of treasury raising proceeds of £9,325,000. 42,146 shares were repurchased during the period at a cost of £297,000. 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.

## 12. Net asset value per ordinary share

	30 June 2019	30 June 2018	31 December 2018
Net asset value per share – pence	<b>732.73</b>	695.35	643.93
Net assets attributable at end of period – £'000s	<b>3,983,417</b>	3,770,063	3,491,913
Ordinary shares of 25p in issue at end of period excluding shares held in treasury – number	<b>543,638,566</b>	542,180,712	542,280,712

Net asset value per share (with debenture stock and long-term loans at market value) at 30 June 2019 was 730.00p (30 June 2018: 694.34p and 31 December 2018: 642.87p). The market value of debenture stock at 30 June 2019 was £429,000 (30 June 2018 and 31 December 2018: £429,000). The market value of the long-term loans at 30 June 2019 was £380,982,000 (30 June 2018: £325,012,000 and 31 December 2018: £220,534,000) based on the equivalent benchmark gilts or relevant commercially available current debt.

### 13. Reconciliation of net return before taxation to cash flows from operating activities

	Half-year ended 30 June 2019 £'000s	Half-year ended 30 June 2018 £'000s	Year ended 31 December 2018 £'000s
Net return on ordinary activities before taxation	517,418	135,651	(110,177)
Adjust for non-cash flow items, dividend income and interest expense:			
(Gains)/losses on Investments	(482,028)	(99,822)	162,535
Exchange losses	3,077	1,486	5,358
Non-operating expenses of a capital nature	20	21	44
(Increase)/decrease in other debtors	(18)	762	782
Increase/(decrease) in creditors	151	(50)	324
Dividends receivable	(52,790)	(51,373)	(86,692)
Interest payable	4,385	4,015	8,885
Tax on overseas income and Indian Capital Gains Tax	(4,241)	(4,830)	(8,754)
	(531,444)	(149,791)	82,482
Cash flows from operating activities (before dividends received and interest paid)	(14,026)	(14,140)	(27,695)

### 14. Analysis of changes in net debt

	Bank Loans £'000s	Debenture £'000s	Total £'000s
<b>Opening net debt as at 31 December 2018</b>	<b>324,672</b>	<b>575</b>	<b>325,247</b>
<b>Cash-flows:</b>			
Drawdown of bank loans	151,666	-	151,666
Repayment of bank loans	(103,435)	-	(103,435)
<b>Non-cash:</b>			
Effect of foreign exchange movements	(6,897)	-	(6,897)
<b>Closing net debt as at 30 June 2019</b>	<b>366,006</b>	<b>575</b>	<b>366,581</b>

### 15. 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  
BMO Investment Business Limited, Secretary  
Exchange House  
Primrose Street  
London EC2A 2NY  
26 July 2019

## Directors' Statement of Principal Risks

The Company's principal risks and uncertainties are described in 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 2018. They 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. In the view of the Board, these risks and uncertainties are applicable to the remainder of the financial year.

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

In accordance with Chapter 4 of the Disclosure Guidance 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  
Simon Fraser  
Chairman  
26 July 2019

## How to Invest

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

### BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2019/20 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.

### BMO Junior ISA ("JISA")\*

You can invest up to £4,368 for the tax year 2019/20 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 BMO or another provider) to a BMO JISA.

### BMO Child Trust Fund ("CTF")\*

If your child has a CTF you can invest up to £4,368 for the 2019/20 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 a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

### BMO General Investment Account (GIA)

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.

### BMO Junior Investment Account (JIA)

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

GIA: £40+VAT

JISA/JIA/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%

GIA/JIA/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 GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 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.

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 ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

### How to Invest

To open a new BMO plan, apply online at [bmogam.com/apply](https://bmogam.com/apply)

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

#### New Customers:

Call: **0800 136 420\*\***  
(8:30am – 5:30pm, weekdays)  
Email: [info@bmogam.com](mailto:info@bmogam.com)

#### Existing Plan Holders:

Call: **0345 600 3030\*\***  
(9:00am – 5:00pm, weekdays)  
Email: [investor.enquiries@bmogam.com](mailto:investor.enquiries@bmogam.com)  
By post: BMO 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, The Share Centre**

#### 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.

**BMO**  A part of BMO Financial Group

BMO Asset Management Limited

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### Availability of report and accounts

The Company's report and accounts are available on the Internet at [fandcit.com](https://fandcit.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<sup>\*\*</sup>.

### Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from [fca.org.uk](https://fca.org.uk) to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ("FCA") on [0800 111 6768](tel:08001116768) if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at [fca.org.uk/scams](https://fca.org.uk/scams)
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at [fca.org.uk/scams](https://fca.org.uk/scams) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on [0800 111 6768](tel:08001116768). If you have already paid money to share fraudsters you should contact Action Fraud on [0300 123 2040](tel:03001232040).

\*\* Calls may be recorded or monitored for training and quality purposes.