Proudly managed by BMO

F&C Investment Trust PLC

Report and Accounts
31 December 2021

The **foundation** for your savings and investments

F&C Investment Trust

Contents

2022-23 Financial year events	
Annual General Meeting	3 May 2022
Final dividend payable for 2021	10 May 2022
Interim Results for 2022 announced	end July 2022
First interim dividend for 2022	August 2022
Second interim dividend for 2022	November 2022
Third interim dividend for 2022	February 2023
Final Results for 2022 announced	March 2023
Final dividend for 2022	May 2023

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in F&C Investment Trust PLC please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Company Overview

F&C Investment Trust PLC (the **'Company'** or **'FCIT'**) was founded in 1868 as the first investment trust with the purpose of providing the investor of more moderate means access to the same opportunities and advantages as the very largest investors.

This purpose continues today, providing a foundation for the long-term investment needs of large and small investors through a diversified, convenient and cost effective global investment choice.

Our objective is to achieve 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, combined with the use of gearing.

Our approach is designed to obtain the investment performance benefits from a range of individually concentrated global and regional portfolios alongside the diversification benefits of lower risk and lower volatility achieved by managing these portfolios in combination. Offering a globally diversified portfolio of growth assets, the Company aims to be a core investment choice through all available channels.

The Company continues to evolve, allowing it to keep pace with new investment opportunities and maintain its relevance in today's world. A commitment has been made to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. The Company 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**

The Company is registered in England and Wales with company registration number 12901

Legal Entity Identifier: 213800W6B18ZHTNG7371

aic DIVIDEND HERO

aic Shareholder Communication Awards 2020

MORNINGSTAR Bronze

ii super 60 interactive investor

WINNER ONLINE PERSONAL WEALTH AWARDS 2020 BEST MULTI-MANAGER INVESTMENT TRUST

Signatory of: UK STEWARDSHIP CODE | 2021

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 up to date as at the date of this report and are based on the Directors' current view and on information available to them as at that date. There is no obligation to update the statements and nothing should be construed as a profit forecast.

Financial Highlights

19.4%

19.4% share price total return*

21.7%

Net Asset Value total return* of 21.7%, with debt at market value which was ahead of the return from our benchmark, the FTSE All-World Index, of 19.5%

51st

Annual dividend†* per share up by 5.8% to 12.8p, our 51st consecutive annual increase

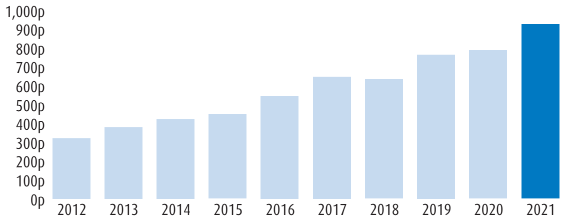
-7.3%

Our discount* to NAV, moved from 5.4% to end the year at 7.3%

Delivering long-term growth in capital and income

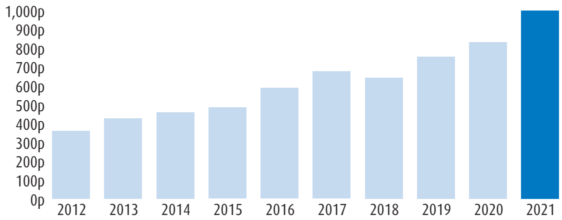
In the last ten years the Company has grown a £1,000 investment, with dividends reinvested, to £3,919.

Mid-market price per share at 31 December – pence



Source: BMO GAM

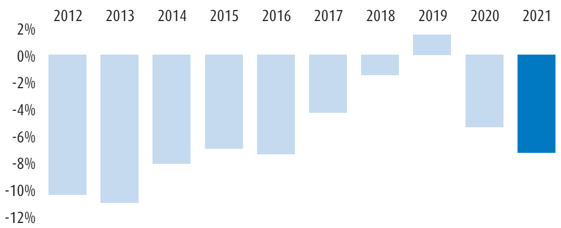
Net asset value* per share with debt at market value at 31 December – pence



Source: BMO GAM

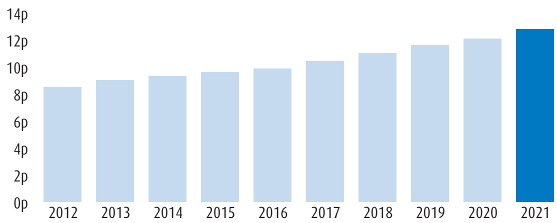
A dividend has been paid every year since inception and has increased every year for the past 51 years and over the last ten years is up 80.3% (6.1% compound per annum), compared with inflation of 21.0% (1.9% compound per annum).

Share price discount/premium* to net asset value* at 31 December – %



Source: BMO GAM

Dividends†* per share – pence



Source: BMO GAM

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.

* See Alternative Performance Measures on pages 102 to 104.
† The final dividend for 2021 is subject to shareholder approval at the forthcoming Annual General Meeting.

Chairman's Statement

"2021 was a good year for our shareholders, despite a very uncertain backdrop, and our objective remains firmly focused on the delivery of growth in both capital and income for shareholders over the long-term."

Beatrice Hollond, Chairman

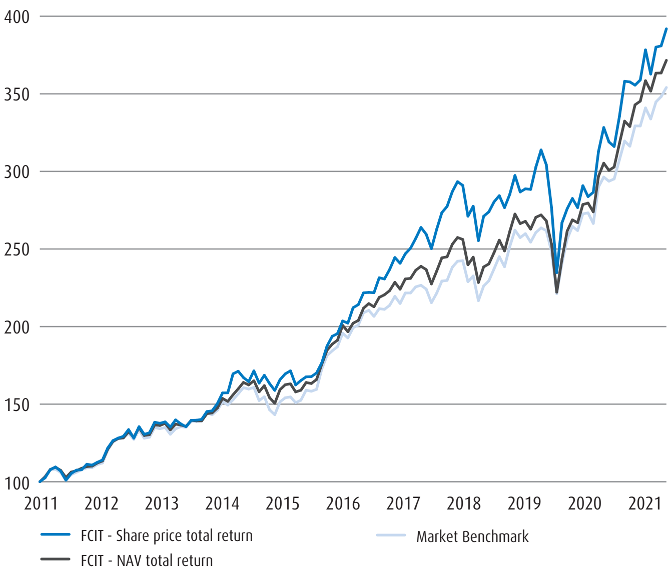
Dear Shareholder,

While Covid-19 continued to dominate the political, economic and market backdrop during 2021, a sharp recovery in global growth and continued monetary and fiscal support led to strong gains. The Company's share price total return for the year was 19.4%. Our Net Asset Value (**'NAV'**) total return, taking debt at market value, of 21.7% exceeded the gains from our benchmark of 19.5%.

Our NAV per share, with debt at market value, rose from 831.8p per share to 998.7p per share and our share price rose from 787.0p to 926.0p, ending the year close to record highs. The discount on which our shares traded relative to NAV widened, from 5.4% at the start of year, to 7.3% at the year end.

It was a year of outperformance from our private equity holdings, against listed market equivalents, where both our recent and our older investments produced strong gains. Our portfolios of listed investments delivered strong absolute returns led by North American equities, notably with the value component outperforming the growth portfolio. In aggregate, the listed portfolios slightly lagged the return from the benchmark while gearing enhanced our overall returns in the strong market environment. This was helped further by global interest rate rises having the effect of reducing the fair value of our outstanding debt. Further information on investment performance can be found in the Fund Manager's Review on page 14.

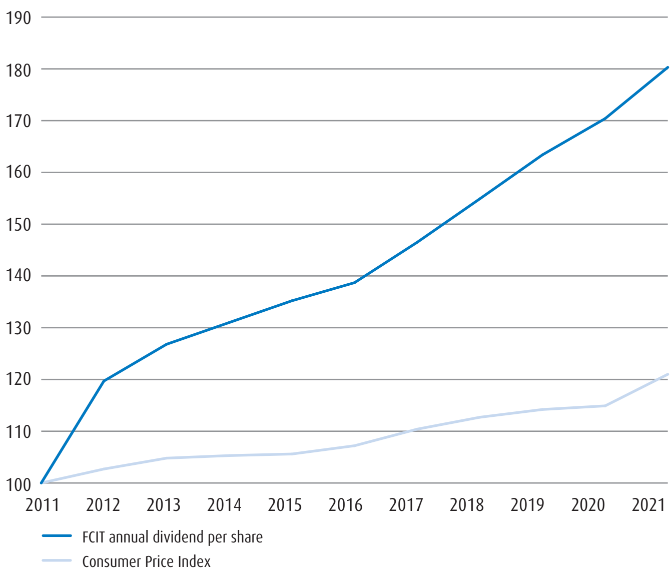
FCIT NAV and share price performance vs Market Benchmark[1] over 10 years



Source: BMO GAM & Refinitiv Eikon

[1] See Glossary of terms on page 105 for explanation of "benchmark"

FCIT annual dividend per share vs Consumer Price Index over 10 years



Source: BMO GAM & Refinitiv Eikon

Our long-term focus

2021 was a good year for our shareholders, despite a very uncertain backdrop, and our objective remains firmly focused on the delivery of growth in both capital and income for shareholders over the long-term. The past decade has seen exceptional returns for investors in global equities and your Company has delivered a total shareholder return of 291.9% over the ten-year period to the end of 2021, equivalent to 14.6% per annum. Indeed, shareholder returns have been positive in nine of the past ten calendar years, with only 2018 seeing a small loss in value.

Reflecting further on longer-term returns and the power of compounding, over the twenty-year period to 31 December 2021 the Company's share price total return was 536.1%, equivalent to 9.7% per annum. Our capital-only returns over the past twenty years were 318.1%. Dividends paid to shareholders have risen by 80.3% over the past decade and by 287.9% over the past twenty years. Such results continue to demonstrate the importance of compounding income and capital gains over long periods of time in the process of value creation for shareholders, together with effective risk management and taking a long-term view through market volatility.

Increased returns and dividend

Following the most challenging year for our revenue for over a decade, we enjoyed a robust recovery in 2021. Our income rose on the year to £58.5m (after tax) while special dividends increased slightly to £1.4m (2020: £1.2m). The impact of currency movements is estimated to have detracted £4.0m from our income (2020: £0.4m). Our Net Revenue Return per share rose to 10.99 pence per share from 9.71 pence per share in 2020.

Throughout the pandemic the Board has carefully considered the revenue position of your Company and the increasing significance of rising inflationary pressures. While our revenue increased during 2021, it remains below pre-pandemic levels and below the level of our recent annual dividend payments. However, one of our strengths as an investment trust company is to be able to utilise the revenue reserve to make up such shortfalls in annual revenue and continue to increase dividend payments for shareholders when this is appropriate.

I am therefore delighted to report another rise in the proposed annual dividend, which will in part be funded by our revenue reserve. Subject to approval at the Annual General Meeting (**'AGM'**), shareholders will receive a final dividend of 3.8 pence per share on 10 May 2022, bringing the total dividend for 2021 to 12.8 pence: an increase of 5.8% over that of 2020. The increase is ahead of the 5.4% rise in inflation as measured by the Consumer Price Index for the 12 months to 31 December 2021 and therefore represents a real rise in the dividend for the calendar year. In addition, as well as being our fifty first consecutive rise in annual dividends, it is our one hundred and fifty fourth annual dividend payment.

Shareholders can also take comfort that, in addition to our substantial revenue reserve, we have the authority to utilise our capital reserves, which stood at £4.9bn at the year end, to support dividend payments should we need to. We therefore remain in a very strong position to continue our track record of increasing annual dividends in the future. It also remains the hope and aspiration of the Board to continue to deliver real rises in these dividends over the long-term.

Discount/Premium

For several years your Company's share price moved closer to parity with the NAV per share and, at times in 2018 and 2019, traded at a premium, enabling us to reissue shares from treasury. At the onset of the pandemic in 2020, however, our share price returned to a discount in the face of the sharp fall in equity markets and the consequent fall in retail demand. Our shares continued to trade at a discount throughout 2021 and we bought back a total of 9.9m shares into treasury as part of our ongoing commitment towards achieving a sustainably low deviation between the share price and NAV. The discount moved from 5.4% to 7.3% over the year, averaging 7.2%, compared with 6.1% in 2020.

Cost efficiency and management fee reduction

Our Ongoing Charges figure fell again this year from 0.59% to 0.54%, representing a further improvement in this measure of cost efficiency and continuing the trend of recent years. This partly reflects the management fee structure which is designed to bring down our cost ratios as the Company grows and to pass the benefits of scale on to shareholders. The Board remains focused on delivering value for money for shareholders as part of its performance objectives.

I am also very pleased to report that, following constructive discussions with our Manager, the Company's management fee rate has been reduced and with effect from 1 January 2022 it will be charged at a rate of 0.325% per annum of the market capitalisation of the Company up to £3.0 billion, then at 0.3% up to £4.0 billion and 0.25% beyond that level. With effect from 1 January 2023, the rate of 0.3% will be applied to a revised first tier of up to £4.0 billion and of 0.25% thereafter. These reductions will help to bring down our cost ratio further as the Company continues to grow.

Borrowings

Interest rates remain at historically low levels despite recent rises in inflation. The Board continues to view this as an attractive environment in which to lock in low rates on long-dated borrowings that should enhance our NAV returns from the investments made over their lifetime. During the year we therefore issued, and drew down, long-dated private placement loan notes totalling £140m. In December, we agreed to issue a further £140m which have also now been drawn down.

Currency Hedge

As reported last year, in late 2020 we bought £300m of sterling as a strategic, partial hedge on our overseas currency exposure. Towards the end of 2021, we reduced the size of the hedge to £200m. During the year, this position realised a capital gain of £9.1m. At the end of the year, we carried forward an unrealised capital loss of £4.8m.

Responsible Investment and our commitment to Net Zero

Last year we announced our commitment to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. During the year the Board has considered how it will implement that transition and how our progress towards achieving it is measured. We recognise the importance of reporting our progress in a clear and consistent way and therefore detailed information is provided in the report on Our Approach to Responsible Investment on pages 20 to 27. In the Fund Manager's report you will find information on our very limited holdings in Russian securities. In summary, while the current regime exists in Russia, our approach will be to sell the very small holdings in the portfolio as soon as is practical.

F&C Investment Trust lecture

Following the success of the lectures that the Company sponsored in 2018 and 2020, I am pleased to advise that the Company will again be sponsoring a lecture this year. Providing Covid-19 related restrictions do not prevent us from doing so, the lecture will be held at The Guildhall, London on Wednesday 13 July. The theme of our lecture this summer is 'Smart choices for a smarter future', emphasising the positive impact that our financial, social and environmental choices can have. The lecture will feature thought-provoking sessions from some renowned speakers and will include information on the Company's investment approach.

As tickets will be limited, they will be made available to shareholders and the public via a ballot, with successful applicants selected at random. Video clips will be made available to everyone on the Company's website following the event.

The Company is also refreshing its brand, ensuring that it stays relevant for new and existing investors. We are updating how we communicate and these changes will be introduced at this year's lecture.

The Manager

I reported at the half year stage that the Bank of Montreal had announced its intention to sell its asset management business covering Europe, the Middle East and Africa to Ameriprise Financial, Inc. (**'Ameriprise'**), the parent company of Columbia Threadneedle Investments (**'Columbia Threadneedle'**). The sale transaction, which included your Company's Manager, BMO Investment Business Limited, was completed on 8 November 2021. Your Board looks favourably on this development and has welcomed an assurance that there will be little change for your Company. Nevertheless, it recognises that any move of this nature will inevitably create a degree of risk. It is therefore closely monitoring the integration of the two businesses as it progresses.

Simon Fraser

It was with great shock and sadness that we learned of the untimely death of Simon Fraser in August last year. Simon was Chairman of your Company for nine years, from 2010 until 2019, during which time the Company flourished under his inspiring leadership. He held dear the heritage and values of the Company. He gave a great deal to the wider investment trust sector and is sorely missed by those who had the privilege of knowing him.

Board Composition

In addition to the appointment of Rain Newton-Smith in May 2021, Stephen Russell joined the Board on 1 February 2022. Both Rain and Stephen's appointments continue our planned sequence of Board changes and reflect our focus on maintaining the highest level of investment skills and economic and political insight on the Board. They replace Sir Roger Bone, who retired at the conclusion of the 2021 AGM, and Sarah Arkle, who retired on 31 January 2022. I would like to thank both Roger and Sarah for their hard work and significant contributions to the Board and its committees throughout their time as Directors of the Company.

Jeffrey Hewitt will retire from the Board at the conclusion of the forthcoming AGM and the process to appoint his successor is underway. He will be a hard act to follow as Jeffrey has been an outstanding Chairman of the Audit Committee for the past 10 years, a role in which he has been a driving force for change and continual improvement in disclosure in our annual report. On behalf of the Board and shareholders, we thank him for his service to the Company and wish him well for the future.

AGM

It has been a great disappointment not to be able to meet shareholders in person at the last two AGMs as a result of the Covid-19 pandemic and consequent Government restrictions. Thankfully, the situation has eased somewhat and therefore we are proposing to hold an in-person AGM on Tuesday 3 May 2022. Last year shareholders approved the adoption of new Articles of Association which allow the Company to hold shareholder meetings in person and at the same time allow attendance and participation online for those who are unable, or who prefer not, to attend in person. This year we are utilising that new power to hold a "hybrid" meeting, which will allow many more of our shareholders to view the AGM and participate by asking questions and voting online. Full details of how to do so are set out in the letter that accompanies your Form of Proxy or Form of Direction.

Therefore, voting at this year's AGM will be conducted by way of a poll and you are requested to lodge your votes ahead of the meeting by completing your Form of Proxy or Form of Direction in accordance with the instructions. Their completion and return will not preclude you from attending the meeting and voting in person. If you are unable to attend the AGM, you are requested to submit any questions you may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to fcitagm@bmogam.com. Following the AGM, the Fund Manager's presentation will be available on the Company's website www.fandcit.com.

Outlook

Geopolitical risks have risen markedly in recent weeks with the Russian invasion of Ukraine. Indeed, it has been shocking on a humanitarian level and raised significant concerns over President Putin's future ambitions on a regional and global level. While direct linkages to major Western economies from Russia tend to be small, the impact of sanctions will be significant and the rise in commodity prices are likely to be the main transmission mechanism to markets. Rising commodity prices and further disruption to supply chains will exacerbate inflationary pressure and it will also create a negative impact on global growth, with Europe at particular risk. In recent decades, most conflicts have been short term in nature and the wider impacts have been relatively contained. It remains too early to assess the long-term impact of Russia's actions but it will remain at least a near term concern for investors.

Recent decades have seen both equity and fixed income markets buoyed by a long-term decline in inflation. Lower interest rates, abundant liquidity and, in response to the pandemic, fiscal largesse, have all helped to propel global equity markets to record highs. Valuation levels in equities provide limited scope for disappointment in either earnings or in interest rates and the recent rise in inflation, which has been broad based and which will be exacerbated by the Ukrainian conflict, is troubling.

Despite there being grounds for optimism initially that much of the recent spike in inflation would prove to be transitory as supply chain disruption diminished and economies re-opened more fully, this does not seem to be the case. As Covid-19 appears to be becoming endemic in many countries, it still poses significant risks and new variants may yet cause further disruption. Investors should be prepared for slowing growth, higher but moderating inflation and abundant but diminishing liquidity and fiscal support. The resultant combination of moderating growth in earnings and rises in interest rates is likely to present a challenge to equity markets in 2022 and beyond.

Global equity markets have been led by US exceptionalism in recent years and, within the US and globally, a small cohort of stocks have dominated returns. Companies such as Microsoft and Alphabet feature amongst our largest listed holdings and represent exceptional businesses which have been able to deliver tremendous growth in earnings, high margins and an enviable competitive position versus their peers. Although these businesses are likely to continue to thrive, we do expect, as was the case in 2021, a more balanced market and greater sensitivity of investors to valuations. For this reason, we have been moving away from some of these highly performing, but highly valued, businesses in favour of companies which also have a strong competitive position, but which have better valuation support. More detail can be found in the Fund Manager's Report.

Our flexible and pragmatic approach to capital allocation has served your Company well over many decades and, as the economic and market environment shifts, perhaps in a significant change, we will continue to adapt and seek profitable opportunities within the listed and private markets. We remain confident in the prospects for your Company and continue to focus on the long-term delivery of growth in both capital and income for our shareholders.

Beatrice Hollond
9 March 2022

Strategic Report*

Our purpose is to provide a diversified, convenient and cost effective global investment choice to meet the longer term investment needs of investors large and small. Our objective is to secure long-term growth in capital and income for our shareholders. Our long-term strategy incorporates a commitment to achieving net zero carbon emissions by 2050, at the latest.

Purpose and values

Our purpose is essentially unchanged since inception in 1868. At the outset our purpose was to provide the investor of relatively moderate means access to the same opportunities and advantages as the very largest investors and to diminish risk by investing broadly. We now invest in global equities, both listed and private, and continue to provide a diversified, convenient and cost-effective global investment choice that meets the longer term investment needs of large and small investors. Our values centre around integrity, innovation, adaptation and diversification and are integral to and inherent in our long-term strategy. More recently, we have incorporated a commitment to transitioning the portfolio to net zero carbon emissions by 2050, at the latest, with a greater focus on investing responsibly.

Investment and business strategy

Our overriding strategic objective is to secure long-term growth in capital and income for our shareholders. Our investment strategy is therefore designed to produce outperformance and real rises in dividends over the longer term as reported on page 12. We do this by investing mainly in public and private equity markets, using borrowings to enhance returns and by managing costs carefully. Our investments are held in a number of portfolios that are individually concentrated but are managed as a whole to provide global diversification, lower volatility and lower risk. In an ever changing environment in which there is a greater need for individuals to take control of their future financial wellbeing, our wider business strategy aims to position us as a core investment choice through all available channels.

Business model

As an investment trust company with no employees, we believe that the best way to achieve our objective is to have an effective and strong working relationship with our appointed manager, BMO Investment Business Limited (the **'Manager'**). Within policies set and overseen by the Board of Directors, our Manager has been given overall responsibility for the management of the Company's assets, including asset allocation, gearing, stock and sector selection as well as risk management. The Manager has the flexibility to use other fund managers by delegating the management of some investment portfolios externally. These currently include the North American listed equity portfolios and a proportion of the Private Equity holdings. Engagement on Responsible Investment matters is undertaken through BMO Global Asset Management Limited. Both BMO entities (together **'BMO GAM'**), are now owned by Ameriprise. The Board remains responsible for the matters listed on page 42.

To provide a breadth of sources of return, the individual investment portfolios are managed on a global or regional basis. While we invest primarily in listed equities, we retain complete investment flexibility to invest in other types of securities or assets depending on the return prospects and in consideration of the implications for the broader portfolio. Furthermore, as a closed-ended, listed investment trust 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 market conditions. Having the ability to borrow to invest gives us a significant advantage over a number of other investment fund structures. These features combine to form a resilient and adaptable business model that has helped us to weather the impact of the Covid-19 pandemic, as it did during many a world crisis before.

Alignment of values and culture

In addition to strong investment performance from our Manager, we expect it to adhere to the very highest standards of Responsible Investment and that its values, culture, expectations and aspirations align with our own. As an original signatory to the United Nations Principles for Responsible Investment (**'UNPRI'**), BMO GAM has achieved the maximum rating of A+ for key areas of their Responsible Investment approach and active ownership in listed equities. For us, therefore, a key aspect of the change of ownership of BMO GAM is the cultural fit

* Further to the provisions of the Companies Act 2006 relating to the preparation of a Strategic Report and concerning non-financial and diversity information, we have integrated the information required for a Non-Financial Information Statement (**'NFIS'**) into this Strategic Report with a view to cohesive reporting. The NFIS requirements are explained on page 107, together with a guide to the location of the embedded information.

with Columbia Threadneedle. The Board has considered the Manager's culture and values as part of the annual assessment of its performance and in determining whether its reappointment is in the interests of shareholders. With Columbia Threadneedle, and as part of Ameriprise, BMO GAM can be expected to continue its long-established culture of diversity, collaboration and inclusion, all of which are anchored by shared values and industry-leading employee engagement in keeping with the Board's own expectations and beliefs. The Board will continue to monitor these attributes and achievements within the combined organisations, recognising their importance and contribution towards the wider aspirations of establishing a more sustainable financial system. In alignment with that culture and our shared values, we aim to pursue our strategy and objectives through the consistent application of the very highest standards of transparency, corporate governance and business ethics.

Responsible Investment impact

Our environmental, social and governance principles are key elements of our Responsible Investment approach and are central to our objective to deliver sustainable investment performance over the long-term. We continue to innovate, review and challenge our approach to Responsible Investment, recognising our globally diversified strategy. As we continue to evolve our approach, our Responsible Investment principles will remain at the core of our strategy and governance.

The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations, either as a producer or a provider of goods or services and it does not have customers in the traditional sense. It is therefore exempt from reporting on its energy and carbon emissions under the Streamlined Energy and Carbon Reporting requirements.

Manager evaluation and alignment of shareholder interests

An important responsibility of our wholly independent non-executive Board of Directors is the robust annual evaluation of our Manager's performance and its capabilities and resources, given that investment performance and Responsible Investment are fundamental to delivering sustainable long-term growth in capital and income for our shareholders. This evaluation is an essential element in the strong governance and mitigation of risk, as outlined under the Principal Risks identified on page 32. The process for the evaluation of our Manager for the year under review and the basis on which the reappointment decision was made are set out on page 49. The management fee is based on the Company's market capitalisation, thus aligning the Manager's interests with shareholders' interests through share price performance. Details of the new management fee arrangements, effective 1 January 2022, are set out in the Chairman's Statement and in the Report of the Management Engagement Committee.

Managing risks and opportunities

We seek to make effective use of our corporate structure and the investment opportunities that lead to long-term growth in capital and income for our shareholders. These opportunities do not come without risks and therefore the performance of our Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. It reports on the Company's investment portfolios; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price discount or premium to NAV; and accounting and regulatory updates. The performance of each individual investment portfolio is reviewed through a series of presentations given by each specialist investment management team throughout the year.

Shareholders can assess the Company's financial performance from the Key Performance Indicators that are set out on page 13 and, on page 32, can see what the Directors consider to be the principal and emerging risks that it faces. The risk of not achieving the Company's objective of delivering long-term growth in capital and income, or of consistently under-performing its benchmark or competitors, may arise from any or all of inappropriate asset allocation and/or stock selection, poor market conditions, expensive or ineffective use of gearing, poor cost control and service provider governance issues. In addition to monitoring our Manager's performance, commitment, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include the Custodian and Depositary in their duties towards the safeguarding of the Company's assets.

The principal policies that support our investment and business strategy are set out on page 37, whilst the Fund Manager's review of activity in the year can be found on pages 14 to 19. In light of the Company's strategy, investment processes and control environment (relating to both the oversight of its service providers and the effectiveness of the risk mitigation activities), we have set out in our long-term viability statement on pages 35 and 36 our reasonable expectation that the Company will continue in operation for at least the next ten years.

On page 32 we show how we employ our strategies to mitigate the principal risks associated with our:

- Investment proposition and its promotion
- Investment performance
- Appointed Manager including the integration of BMO GAM's business with that of Columbia Threadneedle
- Service providers and systems security

Fund Manager and management of the assets

As Fund Manager on behalf of our Manager, Paul Niven is responsible for developing and implementing the investment strategy with the Board and for the day to day management of the total portfolio, covering the entire range of individual investment portfolio strategies. His role covers tactical decisions over the allocation of assets between the different investment portfolios as well as determining the level and timing of gearing within the range prescribed by the Board. He has responsibility for overall portfolio composition but delegates stock selection decisions. The underlying specialist portfolio management teams are responsible and accountable to him and ultimately to the Board for their investment performance.

Marketing

The routes and access to stock markets have changed beyond all recognition since the Company first set out to provide investment opportunities to investors of more moderate means but, with the majority of the shares now in the hands of tens of thousands of retail investors, the Company continues to serve its purpose well. Reflecting changes in the market in more recent years, an increasing proportion of the Company's shareholders hold their investments via third-party platforms, as well as through the BMO Savings Plans which remain a cost effective and flexible way to invest. Recognising the changes in how our key target market is choosing to invest, as well as the benefits of the Company continuing to maintain and grow a well-diversified underlying shareholder base, a key focus of our marketing activities is to maintain, and ideally increase, the proportion of shares held via third-party platforms and the BMO Savings Plans. This has been on an upward trend in recent years, as shown in the Key Performance Indicator on page 13.

Section 172 statement

Section 172(1) of the Companies Act 2006 (**'Section 172'**) requires that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

Against the backdrop of the ongoing Covid-19 pandemic, the Directors have had regard to the matters set out in Section 172 and have continued to act to promote the success of the Company for the benefit of its shareholders as a whole. This included the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account. Details of the Company's key stakeholders and the engagement undertaken in 2021 are set out below.

As a long-term investor we always look to the future and to the success of the Company from that perspective. We believe that the Company provides a clear investment choice, not only for investors large and small, but also for those starting their investment journey. As reported above, we continue therefore to promote the Company through marketing and public relations initiatives and, at a wider social level, by supporting broader financial education across schools and universities as explained below. Despite the constraints imposed by Covid-19 restrictions, we have continued to work on these initiatives and towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, stakeholders and the community at large.

Key stakeholder and shareholder engagement

Stakeholders	Engagement and Outcomes in 2021
The Manager	
The Board's main working relationship is with our Manager with the aim of achieving the Company's investment objective in an effective, responsible and sustainable way in the interests of shareholders, future investors and society at large.	Engagement with our Manager is continuous through regular Board meetings and discussion. Emphasis was on investment performance and our progress towards transitioning the Company's investment portfolio to net zero carbon emissions by 2050, at the latest. Our approach towards Responsible Investment and aspects concerning environmental, social and governance (**'ESG'**) issues are set out on pages 20 to 27. We also show, for the first time, the key performance indicators that are now in place to measure our progress in meeting this objective. The portfolio activities undertaken by our Manager and the impact of decisions affecting investment performance are set out in the Fund Manager's Review on pages 14 to 19. With BMO GAM we are well placed to encourage awareness and dialogue on responsible investment issues amongst the wider community. As in 2018 and 2020, we have therefore decided to sponsor a lecture at The Guildhall, London, this time under the theme "Smart choices for a smarter future". It will include information on the Company's investment approach. As tickets will be limited, they will be made available to shareholders and the public via a ballot, with successful applicants selected at random. Video clips will be made available to everyone on the Company's website following the event.

Key stakeholder and shareholder engagement

Stakeholders	Engagement and Outcomes in 2021
Lenders	
Our lenders are key stakeholders as we use borrowings to enhance returns to shareholders over the longer term.	We keep our lenders informed through monthly covenant compliance reporting. During the year we sought consent to issue a total of £280m of new fixed rate senior unsecured private placement notes as reported on page 19. The pricing levels were highly attractive by historic comparisons and improve further the maturity profile of the Company's borrowings.
Child Trust Fund, Junior ISA and other young investors	
Many of our underlying shareholders are young and hold their shares through their parents in BMO's Child Trust Funds and Junior ISAs. We hope to retain these investors for the longer term and also foster education among young people more generally.	Now that many Child Trust Fund accounts have reached maturity, our focus is on keeping as many of these young investors with us as possible. Ahead of account maturity, BMO GAM writes to their parents setting out their options. Time will tell how successful this has been in keeping these young investors, but retention rates are currently ahead of expectations. We continue, albeit in a small way, our financial education programme designed to help people understand better the opportunities and significance of not just of saving, but how their savings can work much harder through investment over the long-term. In the later part of the year, we delivered three schools workshops (one virtually, two in person) and we have more planned in 2022, Covid-19 permitting. We also ran the "F&C Investment Trust Prize", a competition designed to inspire financial thinking among students and showcase their financial knowledge. Entrants were invited to answer questions on how young people provide for their future; how sustainability and ethical principles affect their choices; and how diversity and inclusion might continue to impact society.
Shareholders	
Albeit not in the traditional sense, we see our shareholders as customers who we hope will stay with us and reap the benefits of investing over the long-term.	The Chairman and Senior Independent Director are always available to engage with shareholders. Access to the daily publication of our NAV and monthly factsheet is available from our website. We also publish our detailed half year and annual results for main register shareholders and BMO Savings Plan investors. As an alternative, we provide the option of a short notification summary with the main highlights and access details to where the full information can be found. In addition to main register shareholders, savings plan investors are encouraged to participate fully at shareholder meetings. In 2021, we held an online event at which shareholders and savings plan investors were invited to participate by asking questions to the Board after hearing a presentation by the Fund Manager. This took place two weeks ahead of the formal annual general meeting which, due to the pandemic, was limited to the minimum number of shareholders permitted by the articles of association. The later date of the annual general meeting was to allow sufficient time for shareholders and plan holders to submit their votes on the resolutions after engagement with the Board at the online event. Voting at the annual general meeting was taken on a poll and the results on each resolution, which were all strongly in favour, were published on the website. The Company has very few institutional shareholders and instances of engagement are therefore very rare but will always be reported to the Board.
Wealth managers and independent financial advisers	
BMO GAM has a team dedicated to fostering good relations with wealth managers and independent financial advisers and keeping underlying investors informed, with the aim to promote the Company's investment proposition and improve the share price.	This team organises meetings with wealth managers and independent financial advisers as well as preparing webinars, interviews, newsletters and videos shared via several media channels. The team gathers feedback and answers questions in relation to the Company and its investment strategy. Feedback from these activities is reported regularly to the Board. Any contact with the Company's institutional shareholders is also reported.

Key Performance Indicators

We assess the efficacy of our strategy by comparing the Company's long-term performance against the following five key measures: Performance, Dividend, Discount, Efficiency and Marketing. Detailed commentary on these measures can be found in the Chairman's Statement and in the Fund Manager's Review.

Our Key Performance Indicators (**'KPIs'**) have been set to help us achieve our overriding strategic objective of delivering long-term growth in capital and income for our shareholders. Whilst the NAV per share is an important indicator of our portfolio performance, we recognise that the share price total return, which combines a measure of the two, is ultimately what shareholders look to. Income is important and we aspire to a rising dividend in real terms over the long run, but this is not achieved at the expense of risking capital growth potential. A balance is struck between income and capital needs, which may result in periods when the dividend is uncovered in pursuit of superior total returns. Nevertheless, with our substantial revenue reserve and the flexibility to use capital reserves, we are in the enviable position of being able to continue our long track record of dividend increases, even over the last two years when many companies passed or cut their dividend payments. 2021 marked the 51st consecutive increased annual dividend and the one hundred and fifty fourth annual dividend payment.

Volatility in the share price discount to the NAV per share can be regarded by many as an investment opportunity but can be very unsettling for shareholders. We therefore show this disparity between the price and the NAV per share as a KPI and have set a policy aspiration to see the Company's shares trading steadily at, or close to, the NAV per share. Whilst not a panacea for controlling the discount, the application of a consistent buyback policy over many years has seen the disparity narrow significantly. The share price moved to a small premium at the end of 2019 but has since moved back to a discount. The Board remains resolute in applying the necessary measures towards achieving this important policy aspiration.

We are also very focused on costs. The recognised method of cost measurement within the investment trust industry is Ongoing Charges[(1)] and this has continued on a downward trend. Our Total Costs[(1)] ratio, which includes transaction costs, was also lower. Many competing products in the financial services industry are not required to disclose the Total Costs measure and like-for-like comparisons against investment trust companies are therefore not possible. Our Ten Year Record on page 28 shows the extent to which we have kept costs under control, which has made a considerable contribution to our results over multiple years.

We promote and market the Company in a number of ways. One of our KPIs is a marketing performance measure that tracks the percentage of the Company's shares held on retail platforms as we recognise that these can provide investors with convenient and relatively low cost access to the shares and the creation of an important source of demand. A healthy level of demand will show the extent to which we are continuing to meet our purpose and should help to support the share price. In turn, a well-supported share price should help the Board towards achieving its aspiration of a consistently narrow share price discount. The percentage of shares held on platforms resumed its upward trend in 2021 having been set back slightly in 2020 following the market shock and uncertainty around Covid-19.

In 2021, the Board added KPIs to measure progress towards transitioning the Company's portfolio to net zero carbon emissions by 2050, at the latest. Those KPIs are shown within the Responsible Investment report on pages 20 to 27.

"2021 marked the 51st consecutive increased annual dividend and the one hundred and fifty fourth annual dividend payment"

(1) See Alternative Performance Measures on pages 103 and 104

Performance: Total returns (Cumulative)	1 Year %	3 Years %	5 Years %	10 Years %	We aim to secure long-term growth in capital and income
FCIT share price[1]	19.4	53.5	84.7	291.9	This compares the Company's share price and NAV total return against those produced by the constituents of the benchmark and our peer group, and against inflation. The ten year figures for the benchmark take into account the change in January 2013 from a composite benchmark (40% FTSE All-Share/60% FTSE WI World Index ex UK) to the FTSE All-World Index.
FCIT NAV (with debt at market value)[1]	21.7	62.7	83.8	271.6	
Benchmark[2]	19.5	63.4	77.7	254.1	
AIC Global Sector Median share price (investment companies)[3]	13.6	58.4	84.7	266.6	
AIC Global Sector Median NAV (investment companies)[3]	15.3	61.5	82.7	240.2	
IA Global Sector Median (open-ended funds)[3]	18.1	63.4	73.0	226.9	
Consumer Price Index	5.4	7.4	12.9	21.0	

Source: BMO GAM, Morningstar UK Limited and Refinitiv Eikon

Dividend: Dividend Growth per annum (Annualised)	1 Year %	3 Years %	5 Years %	10 Years %	We aim to deliver a rising dividend stream in real terms over the longer term
FCIT dividend[1]	5.8	5.2	5.4	6.1	This shows the Company's compound annual dividend growth rate and compares it to the Consumer Price Index.
Consumer Price Index	5.4	2.4	2.5	1.9	

Source: BMO GAM and Refinitiv Eikon

(Discount)/premium: Share price (discount)/premium to NAV	2021 %	2020 %	2019 %	2018 %	2017 %	We aspire to seeing the shares trading at or close to NAV per share
(Discount)/premium at 31 December[1]	(7.3)	(5.4)	1.5	(1.5)	(4.3)	This is the difference between the Company's share price and the NAV per share. It is an indicator of excess supply over demand for the Company's shares in the case of a discount and the excess demand over supply in the case of a premium.
Average discount in year	(7.2)	(6.1)	(2.2)	(1.3)	(6.7)	

Source: BMO GAM

Efficiency: Costs Year to:	2021 %	2020 %	2019 %	2018 %	2017 %	Our policy is to control the costs of running the Company
Ongoing charges[1]	0.54	0.59	0.63	0.65	0.79	This data measures the running costs as a percentage of the average net assets in the year. Total Costs are inclusive of interest expense and transaction charges.
Total costs[1]	1.16	1.19	1.05	1.01	1.06	

Source: BMO GAM

Marketing: Platforms Year ended 31 Dec:	2021 %	2020 %	2019 %	2018 %	2017 %	We promote access to the Company's shares through all available distribution channels with the aspiration of being on as many platforms as possible.
Platforms	65.52	64.86	64.97	64.94	63.23	This shows how the percentage of shares held through platforms, including the BMO Savings Plans, has been increasing.
Other individuals, advisers and institutions	34.48	35.14	35.03	35.06	36.77	

Source: BMO GAM

(1) See Alternative Performance Measures on pages 102 to 104 for explanation.
(2) See Glossary of terms on page 105 for explanation of "benchmark".
(3) These are considered by the Board to be the most relevant and reliable industry-standard peer group performance measures.

Fund Manager's Review

"The Russian invasion of Ukraine is an historically significant event which is exerting a terrible toll on the Ukrainian people. Events are fast moving and causing significant volatility in markets and creating challenges to the fundamental outlook for the global economy."

Paul Niven, Fund Manager

Market backdrop

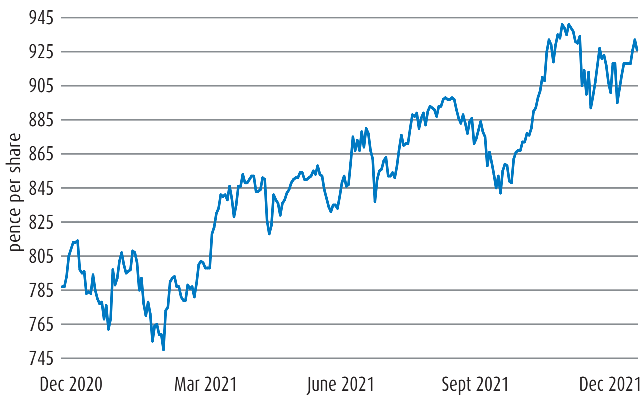
While Covid-19 continued to disrupt economic and corporate activity, 2021 was an excellent year for equity markets and a good one for our shareholders. The US, where we invested most of our assets, was once again the leading region globally, with a gain of almost 29%, meaning that the S&P500 has delivered a positive annual return in every single year except one since the Global Financial Crisis over a decade ago. Indeed, such has been the strength of the recent recovery that the US equity market has more than doubled from the pandemic lows of March 2020.

The year started with many countries in lockdown but the nascent roll out of vaccines led most market commentators to conclude that, as the year progressed, economic and corporate activity would recover quickly, with the global population and the world economy freeing itself from the restrictive impacts of Covid-19. At the start of 2021 stock markets, and our share price, were driven by strongly rising economic momentum, buoyed by record low interest rates and abundant monetary and fiscal stimulus. Despite general optimism that the impact of the pandemic would recede there was, unsurprisingly, significant volatility in investor expectations during the year as several new variants emerged which appeared both more transmissible and, in the case of Omicron, more resistant to vaccines. Hope that the world would quickly move beyond Covid-19 diminished as fresh restrictions were implemented, although news of each new variant had a diminishing negative impact on markets.

Beyond growth concerns arising from the pandemic, inflation was a key focus. Global inflationary pressures broadened across both goods and services, accelerating towards the end of the year, reaching the highest levels seen for decades. Initial hopes that the increases in inflation rates would prove transitory and would be swiftly resolved through a reduction in pent up demand and alleviation of supply constraints diminished as the year progressed. Energy and commodity prices strengthened, with oil posting a 50% rise; its largest annual rise since 2009, and a sharp rise in natural gas prices was of notable concern in Europe. In response to the rise in inflation, central banks became increasingly hawkish as the year progressed, pulling forward expectations of interest rate rises from historically low levels and the scaling back of unprecedented levels of asset purchases. Indeed, towards the end of the year, the Bank of England raised rates for the first time since 2018 and the US Federal Reserve moved to double the pace of the tapering of asset purchases and signalled that both rate rises and the withdrawal of liquidity though quantitative tightening were likely in the year ahead.

Swings in expectations over the economic backdrop led to several leadership changes within the market during the year, between lowly rated 'value' stocks and the 'growth' segment of the market. This was induced by growing optimism in the fight against Covid-19 as the first vaccines began to be rolled out and investors began to sell many of the 'stay at home stocks' that had performed so well in 2020. While growth stocks have been significant outperformers, financials, technology, energy and cyclical areas of the market all performed well in 2021, leading to a more balanced outturn than has been the case in recent years. We rotated our exposure away from the highly valued growth segment of the market through the year as explained later in this report.

FCIT share price 2021



Source: BMO GAM

Unlike the US and Europe which posted high levels of absolute returns, equity market performance was generally more lacklustre in Japan and Emerging Markets. In common with other equity regions, earnings during the year grew substantially more than prices but, in contrast to the US, both areas suffered a substantial de-rating in valuations. Concern over a slower rollout of vaccines amongst the population in these regions dented investor sentiment and, within Emerging Markets, China, where we had limited direct exposure, was a notable area of weakness, declining by 20% on the year. A regulatory crackdown also affected several sectors in China and there was substantial concern over property markets, with Evergrande Group under pressure as it struggled to meet scheduled debt payments.

In contrast to much of the past decade, the UK equity market posted much better returns in 2021 relative to global markets, gaining by over 18%. The market was buoyed by exposure to commodity and financial services companies and, as elsewhere, a robust recovery in corporate earnings. In currencies, over the year, sterling fell by 1.0% against the US dollar but rose by 6.3% against the euro.

Investment Performance

As explained on page 8, our investment strategy remains one of managing the Company's assets across a range of diversified investment portfolios, each adopting their own individual investment approach. Each individual portfolio invests on a global or a regional basis using a wide range of skills and resources available from the Manager or, in the case of the majority of our US exposure, from external third-party managers. We invest in both public and private equity opportunities across the world and adopt this diversified approach to smooth returns for investors with the objective of delivering growth in both capital and income over the long-term.

Our portfolio of investments delivered a return of 19.2% for the year, just below the benchmark return of 19.5%. A breakdown of the contributors to the NAV total return is given in the table below. Tables covering year-end allocations and underlying geographic exposures are also shown.

Contributors to total returns in 2021

	%
Portfolio return[(1)]	19.2
Management fees	(0.4)
Interest and other expenses	(0.3)
Buy backs	0.1
Change of value of debt	0.6
Gearing/other	2.5
NAV total return	**21.7**
Increase in discount	(2.3)
Share price total return	**19.4**
FTSE All-World total return	19.5

Source: BMO GAM
(1) See Glossary of terms on page 108 for explanation of "Portfolio return".

Underlying Classification of Listed Investment Portfolio as at 31 December 2021

Technology	24.1
Consumer Discretionary	16.8
Industrials	14.9
Financials	13.8
Healthcare	11.7
Consumer Staples	6.0
Basic Materials	3.8
Telecommunications	3.5
Energy	2.7
Real Estate	1.7
Utilities	1.0
	100.0

Source: BMO GAM

Weighting, stock selection and performance over one year in each investment portfolio strategy and underlying geographic exposure versus Index at 31 December 2021

Investment Portfolio Strategy	Our portfolio strategy weighting %	Underlying geographic exposure[(1)] %	Benchmark weighting %	Our strategy performance in sterling %	Net index performance in sterling %
North America	40.6	57.8	62.4	23.7	27.6
Europe inc UK	10.0	23.5	16.7	13.9	17.0
Japan	4.6	6.9	6.3	2.6	2.1
Emerging Markets	7.2	9.3	10.1	3.8	(1.6)
Developed Pacific	–	2.5	4.5	–	–
Global Strategies[(2)]	27.6	–	–	19.0	19.5
Private Equity[(3)]	10.0	–	–	30.1	–

(1) Represents the geographic exposure of the portfolio, including underlying exposures in private equity and fund holdings.
(2) The Global Strategies allocation consists of Global Income, Global Smaller Companies, Global Value and Global Sustainable Opportunities.
(3) Includes the holdings in Schiehallion and Syncona.
Source: BMO GAM

Listed Equities

There was a wide dispersion of returns between our listed strategies, all of which delivered positive absolute gains. With a return of 23.7%, North America was highest once again. Europe's gain of 13.9% was below those of global indices but significantly ahead of the 3.8% from Emerging Markets and 2.6% from Japan.

Our North American exposure lagged strong benchmark returns despite outperformance from our value manager, Barrow Hanley. The 26.5% return from the value portfolio exceeded the 20.9% from our growth portfolio, managed by T Rowe Price, even though the comparator growth index led the corresponding value index over the year. A rise in inflation and interest rate expectations, along with a favourable recovery in the global economy and corporate earnings, led to a more balanced outturn within markets and significant uplifts in both energy stocks and financials as well as long-term market leaders in disruptive technology.

The US value portfolio benefited from holdings in financials, including Goldman Sachs, AIG and Wells Fargo which all gained between 50% and 65%. There was disappointment from Altice, the telecoms company, which suffered from poor net subscribers resulting in a decline of over 50%. Our holding in Las Vegas Sands suffered largely due to concerns over travel restrictions impacting the performance of its business interests in Macau and fears over tightening of Chinese regulatory policies. International Flavors & Fragrances, a leading producer of flavours and fragrances used in food and household products was added in our value strategy during the year. It continues to trade at a discount to historic ratings despite having steady organic growth, strong cashflows and high barriers to entry.

The US growth portfolio was helped by significant positions in Microsoft and Alphabet which gained over 50% and 60% respectively. In contrast, one of our largest holdings, Amazon, had a relatively disappointing year with only a small positive return. A position in Tesla was added during the year, but limited exposure to this highly performing stock detracted from relative returns as the world's most highly valued car manufacturer delivered another year of excellent returns, gaining by over 50%, propelling the market value of the company to over $1 trillion. A continued underweight stance in Apple, the most valuable company in the world, was also detrimental to returns as the stock gained by over 35% during the year and the company became the first in history to exceed $3 trillion in market value.

After a very positive 2020, our European portfolio again delivered good levels of return although its overall gain of 13.9% trailed the benchmark's 17.0%. Semiconductor equipment company ASML again fared well, producing a return of over 65% in becoming the largest company in Europe, by market capitalisation. It holds a dominant market position globally and looks set to benefit not only from a secular increase in demand for semiconductors in general terms, but also from a drive to onshore production and increased security of supply. Novo Nordisk, the world's largest diabetes pharmaceutical company performed equally well. Its rise of 65% reflected solid results throughout the year as well as the launch of obesity drug, Wegovy, for which demand substantially exceeds current levels of supply. Rotation in leadership within the market led to the winners of 2020 rapidly becoming the laggards, which was largely characterised by under-performance of some of the higher growth names, especially online businesses. Just Eat halved in value while Delivery Hero fell by over a quarter. Their performance had been boosted earlier in the pandemic and, while they have faced increased competition and fee caps, the acquisition of GrubHub by Just Eat was taken negatively by investors.

Japan was a disappointing area in terms of absolute returns although our portfolio eked out a marginal relative gain, returning 2.6% versus 2.1% from the benchmark. While the portfolio held an underweight stance in some of the higher performing areas, such as energy, banks and resources, positive stock selection offset these headwinds. Zozo, Japan's leading online fashion company, was up by around 30% as it found its position structurally strengthened by economic lockdowns, helping it to grow its user base and cementing its market dominance. Keyence achieved consecutive record revenue and operating profit during the year as it continued to benefit from an acceleration in global automation investment, as companies seek to make their supply chains more resilient.

While our Emerging Markets portfolio produced positive gains of only 3.8%, this was against the background of a 1.6% decline in broad market indices for that asset class. China performed poorly, as a regulatory clampdown on the internet, education and gaming sectors amongst others created uncertainty over the operating environment for investors. Limited exposure to index heavyweight Alibaba, which fell by almost 50%, was beneficial although our holding in Tencent was a relative detractor with a fall of 20%. Elsewhere, our allocation to the Indian equity market benefited relative returns materially, with Infosys gaining by over 50% and Tata Consultancy Services amongst our best performers, with both benefiting from the ramp-up of the digitisation of the corporate landscape. Our holdings in Mexico, including long-term holding Walmart de Mexico, which controls around 50% of Mexican formal retail and 70% of profits in that segment, also contributed positively. On the downside, the largest detractor to relative performance in the Emerging Markets portfolio despite our holdings in TSMC and Win Semiconductors, both of which performed well, was the lower than benchmark exposure to Taiwan, which continued to perform well in 2021. AIA was not directly impacted in the regulatory clampdown that took place during the year but insurers, more generally, were shunned on the back of worries of their exposures to the property sector, which is under pressure concerning missing bond payments at companies such as Evergrande.

In terms of style exposure, our Global Strategies include components covering Global Income, Global Smaller Companies, Global Sustainable Opportunities and Global Quality Value. Together, as Global Strategies, they delivered an aggregate return of 19.0%. As was the case elsewhere in the

Investment portfolio strategies attribution in Sterling

	1 year %		3 years %		5 years %	
Region	**Return**	**Index return**	**Return**	**Index return**	**Return**	**Index return**
North America	23.7	27.6	76.1	85.8	111.7	108.3
Europe inc UK(1)	13.9	17.0	53.4	43.5	55.5	51.5
Japan	2.6	2.1	38.0	29.3	43.7	36.8
Emerging Markets	3.8	(1.6)	22.8	28.4	46.1	45.9
Global Strategies(2)	19.0	19.5	54.9	63.4	72.2	79.6
Private Equity	30.1	–	47.9	–	87.5	–

The Company's benchmark is the FTSE All-World Index whereas for the purposes of this table the relevant regional sub-indices are used for comparison, except in the case of Emerging Markets where the MSCI Emerging Markets Index is used.
(1) Performance prior to 30 June 2018 represents Europe ex UK.
(2) The Global Strategies allocation consisted of Global Income, Global Smaller Companies, Global Quality Value and Global Sustainable Opportunities as at 31 December but performance also includes the historic allocation to Global Multi-Manager.
Source: BMO GAM

Private Equity portfolio

		Commitment outstanding 31 December 2021 £'000s	Value of holding 31 December 2021 £'000s
Total Private Equity portfolio(1)	Brought forward	256,829	374,430
Committed in 2021(2)		15,000	–
Cash drawn in 2021(2)		(85,979)	85,979
Cash returned in 2021(2)		–	(75,170)
Valuation movements(3)		–	136,493
Exchange movements(3)		1,233	(2,865)
Total Private Equity portfolio(3)	Carried forward	187,083	518,867

(1) Exchange rates ruling at 31 December 2020
(2) At actual exchange rates in 2021
(3) Exchange rates ruling at 31 December 2021
Source: BMO GAM

portfolio, there was an extremely wide dispersion between the returns from these components in both absolute and relative terms. Our allocation to higher yielding stocks in Global Income delivered a total return of 30.7% on the year, and while the Global Smaller Companies component produced a respectable return of 11.7%, this was well behind large cap equivalents. Within the small cap universe market returns were dominated by the sharp recovery in more volatile, lower quality areas that have consistently underperformed over the long-run and therefore the focus on higher quality, profitable companies by the Global Smaller Companies component negatively impacted performance. Our Global Quality Value allocation modestly lagged with a 17.5% return, due in part to an overweight position in Asian stocks where performance fell short of global market returns. Poor stock selection in Europe was an added feature, which included positions in consumer goods company, Unilever, and lubricant manufacturer, Fuchs Petrolub, both of which declined in value.

Despite our Global Sustainable Opportunities portfolio producing an absolute return of 16.8%, its returns trailed the market. In terms of what went well, there was a positive contribution within Industrials with Acuity Brands gaining by over 70% and Schneider Electric by almost 40%. Both are seeing supportive industry fundamentals and ongoing profitability trends. Within Healthcare, Mettler-Toledo International and Thermo Fisher Scientific rose by 45-50%, with both enjoying continued strength of execution driven by their reputable brand portfolios. These positive drivers were offset by negative stock selection in Information Technology with Everbridge, who saw guidance downgraded following the departure of its CEO, and PayPal, which was a major winner of 2020 through e-commerce growth. Both suffered from profit taking during the 're-open' trade of 2021. In utilities, Orsted saw rising competitive pressures driving subdued performance following a very creditable 2020.

Private Equity

Your Company has a long history of investing in private market assets and throughout that time has typically enjoyed excellent returns from these holdings. This was extended further in 2021 with a very positive 30.1% return on our Private Equity portfolio, which was well ahead of the returns from listed market equivalents.

It was a very good year for our investments, managed by BMO Global Asset Management, where holdings gained by 39.2% on the year. Our commitment programme has produced investments over recent years and we are now beginning to see a very healthy level of value creation as well as our first exit in the co-investment space. We realised a 4.2x return from the €29.4m sale of Pet Network, a pet supply retailer which operates in South Eastern Europe, having invested in 2018. Elsewhere in this programme we enjoyed further progress in our holding in Inflexion Strategic Partners, which provides us with an interest in one of Europe's leading mid-market Private Equity firms. The value was written up to £78.6m, from £53.2m at the start of the year reflecting strong operational performance.

As previously reported, we have made relatively new commitments in a bespoke Pantheon Future Growth programme which invests in leading growth and venture private equity managers on a global basis. It will be some years before these commitments are fully drawn, but we have already seen an early realisation from an underlying investment in Gyroscope Therapeutics, a leading gene therapy firm which Novartis agreed to purchase in a deal worth up to $1.5bn. Gyroscope was founded by Syncona, the life sciences investor which is another of our holdings. As the largest holding in its portfolio, Syncona also benefited from this deal but nevertheless had a disappointing year, falling by 18.8% as its premium rating declined.

The historic fund of fund holdings which we hold with HarbourVest and Pantheon had a very good year, delivering returns of 23.1%. We continue to work with the managers to realise value from these holdings as they head towards their end of life. They represented 2.1% of total portfolio value as at end of 2021.

Portfolio Activity

Our most significant investment activity over the course of the year was to reduce further our exposure to highly rated US large cap growth stocks, managed by T Rowe Price. These sales totalled approximately $425m and followed the complete sale of an internally managed US growth stock portfolio in 2020. Having started 2021 with around two thirds of our US strategy exposure held in growth stocks, by the end of the year this weighting had been levelled up to a broadly equal allocation. These moves were intended to create more balance in our portfolio allocations with the sales proceeds from highly valued areas of the equity market being largely re-invested into more lowly rated US value stocks, managed by Barrow, Hanley, and into our Global Income strategy which targets higher yielding stocks on a global basis.

Aside from rotation away from US growth stocks, we made several other more modest changes in the portfolio during the year. Our weighting in Emerging Markets was reduced during the first half of the year partly due to concerns over the Chinese regulatory crackdown and the impact on the market there.

Outside the listed markets, we continued to make progress in our Private Equity allocation, which ended the year at 10% of our total portfolio. It still remains early in the life of many of our recent commitments but, as noted above, 2021 was an excellent year from our newer programme of Private Equity investments with our first realisation being delivered. Most new commitments were made to the Pantheon Future Growth programme, where we ended the year with an allocation to sixteen high conviction venture and growth private equity funds and 90% committed from our intended allocation of $180m. During the year, we also made a small number of selective direct investments, including a £12m allocation to Jersey Telecom's Internet of Things business, co-investments and a new investment into Schiehallion C shares. This closed-ended fund holding takes positions in late-stage private businesses, typically in disruptive technology, and with limited capital commitments investor demand moved the shares to a substantial premium producing a gain of 30.0% on the year.

As explained in the 2020 Annual Report, during the latter part of 2020, we bought £300m of sterling as a strategic, and partial hedge, on our overseas currency exposure. Towards the end of 2021, we reduced the size of this hedge to £200m. This position realised a capital gain of £9.1m on the year. At the financial year end, the position was showing an unrealised capital loss of £4.8m.

Revenue Returns

While our revenue posted a healthy increase in 2021, underlying dividend payments from companies materially lagged the rise in corporate earnings. Timing did play a role and it is likely that companies chose to preserve cashflow, adopting a relatively cautious policy on dividend payments in the face of ongoing uncertainty emanating from the pandemic. Looking forward, provided that the economic backdrop remains robust and as we move, hopefully, beyond economic restrictions, we should expect further gains in our revenue in 2022. Nonetheless, our revenue in 2021 is below that of our planned dividend payment and, therefore, we will draw down from our revenue reserve in order to part fund the dividend payment for this year. Our substantial revenue reserve means that we will be able to continue to support dividend increases in the coming years.

Gearing

Our gearing stood at 9.4% at the end of the year, above our starting year level of 8.0%. Gearing added approximately 2.5% to our NAV total return on the year, whilst the effect of rising government bond yields in decreasing the fair value of our debt added a further 0.6%.

Despite rises on the year, interest rates globally remained at amongst the lowest levels in history. In March, we took advantage of these low borrowing rates to agree £140m of long-term loans extending out to between 15 and 35 years. In December, we agreed to borrow a further £140m for terms of between 16 and 40 years at an average interest rate of less than 2%. These more recent loans have now been drawn and will be used to refinance short-dated debt and maturing bank loans.

At year end, our total borrowings were £550m in aggregate. The blended average interest rate on our outstanding loans was 2.2%, which remains exceptionally low by historic standards. Over the long run, we expect the returns from the investments made from these borrowings to exceed the cost of our debt and therefore to be accretive to NAV returns.

Current Market Perspective

The Russian invasion of Ukraine is an historically significant event which is exerting a terrible toll on the Ukrainian people. Events are fast moving and causing significant volatility in markets and creating challenges to the fundamental outlook for the global economy. As a result of concerns over supply disruptions and sanctions, commodity prices have risen sharply and this will place further pressure on inflation rates globally. Expectations for global growth have also been cut, with Europe particularly exposed and there is now some greater uncertainty with respect to the near-term outlook for central bank policy. It may well be that interest rate rises are more modest than had previously been assumed as policymakers weigh risks to growth.

The longer-term ramifications of the Russian action are subject to great uncertainty but we should expect a lasting impact in several areas as a result of President Putin's actions to reshape the European security order. Amongst other areas, the conflict will likely accelerate a re-orientation of political and economic links and lead to some fragmentation of the global economy and financial system. Such moves would further push against globalisation – one of the factors which had reduced inflation in recent decades. Control of energy supplies and expansion of alternative supply sources in the West will likely be given greater prominence and defence spending will rise, while there will be a greater focus on onshoring of some productive capacity from the corporate sector.

The Company holds very limited exposure to two Russian securities. The combined weight of these two holdings was approximately 0.3% of total assets as at the end of the year and our holding in these stocks was reduced after the conflict began. The local market exchange has, however, been closed and trading in Russian securities has been suspended. The Board has made the decision to write down the value of these holdings for the time being and, once liquidity permits, to seek to divest all direct exposure to Russian equities.

The immediate impact of Ukraine is to dent an economic recovery that was underway as the impact of the Omicron variant receded. It will also raise inflation in the near-term via the direct impact on food and energy prices and by exacerbating supply shortages.

Within labour markets in developed markets there are shortages in specific sectors, a large number of unfilled vacancies and clear evidence of accelerating wages but what is less clear is whether there has been a permanent shift in the bargaining power of labour. This is a critical question, not just for employee income but for corporate margins, for wider inflationary trends and for global monetary policy. It appears likely however, that central banks will begin to rein in monetary stimulus, with several interest rate increases expected in the US and UK in coming quarters.

One of the lasting impacts of the pandemic is that of structurally higher levels of global debt. While governments have more tools at their disposal than households to deal with indebtedness, higher levels of inflation can be useful in alleviating this burden. This combined with a changed political environment globally, greater coordination between fiscal and monetary policy tools, the prospect of de-globalisation and the impact of the transition to renewable energy globally, suggests that we should prepare for structurally higher inflation than that which existed pre-pandemic. Despite this, it is too early to conclude that there is an enduring wage-price spiral and many prevailing disinflationary trends do remain intact.

The past forty years have been an environment of secularly declining inflation and interest rates along with high corporate earnings growth and generally rising equity market valuations. Indeed, equity investors have enjoyed consistently strong returns in recent years led by the US. The US equity market has dominated global returns and, within this, a small cohort of dominant, disruptive technology companies have led the way. There is little debate on the quality of the franchises which many of these companies have built but, given outsized performance relative to cash flow and earnings delivery, there remains little cushion to protect against any future disappointment in results. Rising interest rates and a repricing in bond markets do present a risk to valuations in this segment of the market and, during 2021, we began to see investors take a more discriminating approach to value within the market. If this persists, then US market dominance will diminish and geographic and sectoral laggards will begin to catch up. This backdrop presents a challenge, particularly for investors who have relied on this narrow, but highly profitable segment of the market, for portfolio returns. For F&C Investment Trust, the flexibility and pragmatism which we have in our approach to sourcing and selection of investment strategies in constructing a diversified portfolio of listed and unlisted opportunities for shareholders makes us well placed to meet this, and numerous other challenges.

Paul Niven
Fund Manager
9 March 2022

Our Approach to Responsible Investment

As stewards of over £5.8 billion of assets, we take a responsible approach to ESG and have a duty through our Manager to influence and support positive change.

Our approach

Responsible Investment issues can present both opportunities and threats to the long-term investment performance we aim to deliver to our shareholders. We believe in the power of engaged, long-term ownership as a force for positive change. We have a manager that applies high standards of Responsible Investment in managing the investments on behalf of our shareholders.

Our approach covers our own governance responsibilities on matters such as the composition of the Board. Most importantly, our portfolio of investments represents the greatest impact we can have. As Responsible Investment and sustainability are integral to the longer-term delivery of growth in capital and income, we believe that our disclosures should go beyond minimum standards. In setting and reporting on our Responsible Investment policies, we have considered relevant regulatory guidance including the Companies Act 2006 (the **'Act'**) and UK Corporate Governance Code (**'UK Code'**). We are also aware of important emerging standards and legislation, including on climate reporting with the introduction of mandatory reporting in line with the Task Force on Climate-related Financial Disclosures (**'TCFD'**); and work underway on International Sustainability Standards Setting.

The primary purpose of this report is to provide shareholders with a clear understanding of our approach to Responsible Investment and how that is integrated into the Manager's investment process. It also outlines how we are implementing our commitment to achieving a net zero carbon portfolio by 2050, at the latest. We also explain our stewardship in terms of engagement with portfolio companies and our voting practice; how we will measure our progress; and how we have performed against those measures. We recognise the importance of disclosing information that is relevant, reliable and, as far as possible, ensuring that it is presented in a consistent way from year to year in order that our progress can be assessed.

As an investment trust company, the Company is not required to report against the recommendations of TCFD, unlike other premium listed "trading" companies. This is a field that is evolving rapidly, however many of the disclosures within this report overlap with the TCFD recommendations. There are some TCFD recommendations that are relevant to trading companies rather than investment companies, but we recognise that we have a "look-through" responsibility and assessing portfolio companies' application of TCFD is an important element of the investment process.

The Financial Conduct Authority (**'FCA'**) has now published regulations that require the Company's Manager, as its Alternative Investment Fund Manager (**'AIFM'**), to report against TCFD at both the AIFM and product level by June 2024. This means that there will be a TCFD disclosure specific to the Company's portfolio available in the future. We may choose to publish that disclosure in full in the Company's annual report or to include a link to the Manager's website. In the meantime, the Manager has produced a short document on its climate change approach, which is structured using the TCFD categories, and is available on its website (bmogam.com).

The impact of climate change on the value of the Company's investments has been considered and more information is given in note 2(c)(xiii) to the Accounts on page 76.

Stewardship

We and our Manager believe that companies with strong management focus on these areas have the potential to reduce risks facing their business and deliver sustainable performance over the longer-term. Investee company boards are expected to disclose to their shareholders that they are applying appropriate oversight on material issues such as labour standards, environmental management and tax policies.

If we have concerns, we also believe that engaging with companies is usually best in the first instance rather than simply divesting or excluding investment opportunities. However, the Board believes that there are some business activities which are incompatible with a responsible approach to investment and where divestment is the only option: namely, tobacco production, cluster bombs and landmines and thermal coal. We exclude companies with exposure to these activities exceeding certain revenue thresholds.

Active use of our voting rights is also an important component of our stewardship approach. In the absence of explicit instructions from the Board, our Manager has been empowered to exercise discretion in the use of the Company's voting rights, in accordance with its own corporate governance policies. These policies take a robust line on key governance issues such as executive pay and integrate sustainability issues into the voting process, particularly climate change and board level gender diversity.

The Manager is a signatory of the UK Stewardship Code. Its statement of compliance can be found on the Managers' website at bmogam.com.

Climate change

In last year's Annual Report, the Board announced a commitment to a target of net zero emissions by 2050 or earlier for the Company. Over the past year, our Manager has been working on an implementation methodology, the initial results of which are included in this report. Our approach reflects our belief in the power of investor engagement and wherever possible we aspire to achieve emissions reductions through encouraging our investee companies to take on and implement ambitious targets. However, engagement will not be open-ended and we will ultimately divest from companies that are unresponsive and fail to meet our expectations.

Private equity

Many aspects of our Responsible Investment activities and reporting focus on our listed equity investments. However, sustainability issues are equally significant in private markets. Whilst consistent data and metrics are a challenge, we believe that there are approaches that can be effective in identifying Responsible Investment risks and opportunities and include in this report an example of how our managers are implementing this.

Climate change and our net zero commitment

Over the past 12 months, we have been working with our Manager to turn this commitment into a robust implementation plan.

Background

The imperative for action became even clearer over the course of 2021. November saw the long-awaited COP26 meeting. As well as driving some important progress for government actions, including tighter emissions targets in many countries, including the UK, the meeting also proved a catalyst for private sector action. The Glasgow Financial Alliance for Net Zero brought together financial institutions representing $130 trillion of assets under management willing to commit to a transition to net zero. This included our own Manager, as a founder supporter of the Net Zero Asset Managers Initiative (**'NZAMI'**).

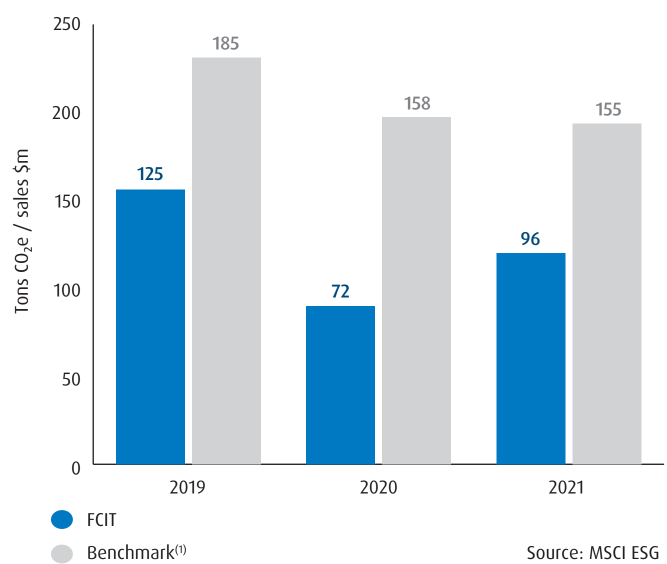
At the same time, regulators and industry bodies have been working to introduce more standardised reporting of climate risk. In the UK, the FCA published final regulations on how asset managers and other financial institutions should disclose climate risk in line with the recommendations of TCFD. Our investee companies are also facing growing requirements on climate disclosure, such as forthcoming disclosure requirements from the Securities and Exchange Commission in the US.

Performance in 2021

For the past three years, we have disclosed the weighted-average carbon intensity of the Company's listed investments, in line with the TCFD recommendations.

The weighted-average carbon intensity of the Company's equities portfolio rose in 2021. We believe the primary cause to be the decline in global economic activity in 2020 during the Covid-19 lockdown, which was then followed by a partial bounce-back in 2021. We are pleased, however, that the portfolio carbon intensity remains well below the benchmark and we will continue to monitor this metric closely. As companies in our portfolio take steps to implement their emissions reductions goals, we expect to see this number fall further, in line with our net zero commitment.

Weighted-average carbon intensity



Source: MSCI ESG

[1] See Glossary of terms on page 105 for explanation of 'benchmark'

Our net zero approach

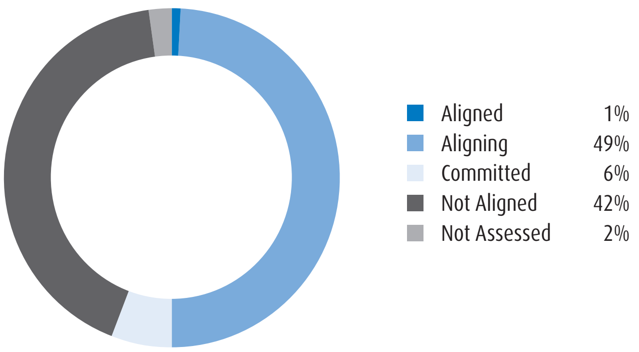
Significant work has been carried out to develop standards for assessing the net zero alignment of investment portfolios, resulting in the development of several industry methodologies. Our Manager is using the Net Zero Investment Framework[1] (**'NZIF'**) as a basis for its approach. This is a widely-accepted methodology, being used by 23 of the 43 managers included in the initial Progress Report of the NZAMI. Our Manager has published details of how it is implementing this methodology, for equities and corporate credit[2].

The primary focus of our approach is to assess the climate change strategies of each of the companies in the Company's portfolio – and to use our weight as an investor to engage those which fall short of alignment to a net zero emissions future. The methodology has three key components:

- Using a range of data sources, we assess companies' performance on a range of criteria relating to their emissions management and strategy and use this to assign an **alignment rating**. These ratings range from 'Aligned' for the strongest performers, to 'Aligning' for those meeting core expectations, 'Committed' for those with net zero targets but lacking implementation and 'Not Aligned' for those lacking adequate policies. We seek to increase the proportion of 'Aligned' companies and to ensure that at least 70% of portfolio emissions are from companies that are either Aligned or are under active engagement.
- We calculate **portfolio-level emissions intensity**[3] and seek to reduce this in line with a net zero trajectory.
- We monitor our investment in firms providing **low-carbon solutions**.

The charts here show the Company's current performance on these metrics, as well as the targets that we have set. At present, only a small proportion of investee companies are classified as 'Aligned'.

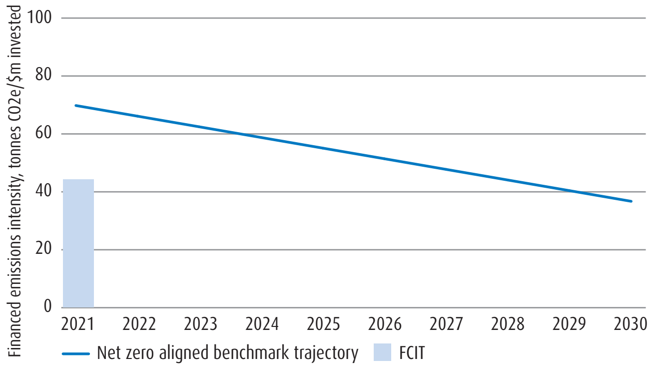
Company-level alignment status, as a % of total portfolio financed emissions



This is because the methodology sets a high standard for full net zero alignment, requiring companies not only to have a net zero target, but also measures to implement this including ambitious interim targets, strategy and governance. We expect this proportion to grow over time as engagement takes effect.

Of the companies that fall short of our expectations for net zero alignment, the Manager is engaging with 62% (as a proportion of total financed emissions). In 2022 the Manager will expand further its engagement, in line with the objective of at least 70% of financed emissions being represented by companies that are either Aligned or under engagement.

Financed emissions intensity



The blue line represents a net zero-aligned benchmark trajectory. It is based on taking the financed emissions intensity of the FTSE All-World Total Return Index, which is the market benchmark for the Company, as at the end of 2019, and reducing this by 50% by 2030. The blue bar represents emissions intensity for the Company as at the end of 2021. Our aim is, at a minimum, to keep this within the net zero trajectory for the benchmark – however, given that the Company's starting point was already below the benchmark, we will strive to significantly outperform this target. Having said that, we may choose to retain our investments in certain higher-emissions companies and sectors if we feel those companies are strongly aligned to net zero or that our engagement is making good progress.

Where companies are not yet net zero aligned, we will make active use of our stewardship influence to move them in this direction. This will include continued active engagement through our Manager, as well as the use of our AGM voting power. We will focus initially on companies which are not yet aligned and are high contributors to portfolio emissions. Over time we will seek to expand this, noting that the NZIF calls for 100% of investee companies in material sectors to be either already net zero, or aligned, by 2040.

[1] See www.parisalignedinvestment.org/ for further details.
[2] See www.bmogam.com and then search 'net zero'.
[3] The main metric we consider is financed emissions intensity, in line with PCAF and the Net Zero Investment Framework. However we also monitor and report weighted average carbon intensity.

Engagement will have clear objectives and be time-limited. If companies fail to respond and continue to fall short of our minimum expectations, we will divest our holding.

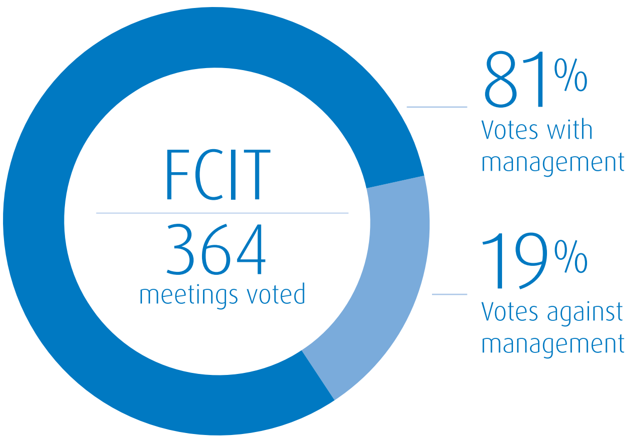
This approach applies to our listed equity holdings. Different considerations apply in private equity, where data is not available in the same way and net zero methodologies are more nascent. The case study below gives an example of how we are approaching net zero in the Company's private equity holdings.

Net zero and Private Equity

Implementing a net zero commitment in private equity investments presents some unique challenges. Fortunately, there has been significant progress in the past twelve months in the development of industry standards. Over 100 UK and European-based private equity/venture capital firms, representing more than $700m AUM, have joined the UN PRI-backed Initiative Climat International, including one of our third-party managers HarbourVest Partners LLC; the Science-based Targets initiative released guidance for the private equity sector on setting net zero targets in November 2021; and the Institutional Investors Group on Climate Change published a net zero methodology for private equity in early 2022, drawing on input from managers including BMO GAM, one of the managers of our private equity allocation. Pantheon were an early mover in analysing climate change risk, having worked since 2018 on a climate mapping tool with consultancy ERM.

BMO GAM included questions on net zero alignment in its annual ESG survey of our private equity fund managers and co-investments. In the 2021 survey, 21% of managers reported that they track and monitor greenhouse gas emissions and 16% have net zero targets, of which 86% use carbon offsetting to help achieve these. BMO GAM will seek to leverage its position to influence private equity managers and drive the development of reporting on financed emissions and encourage net zero targets. Filling the emissions data gap is likely to be a key objective in 2022, with potential to then develop a net zero methodology in 2023.

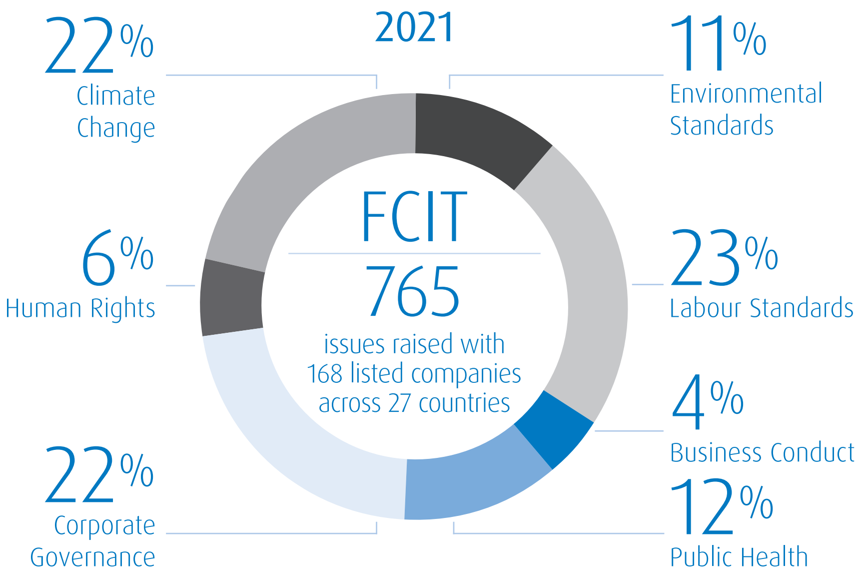
Voting

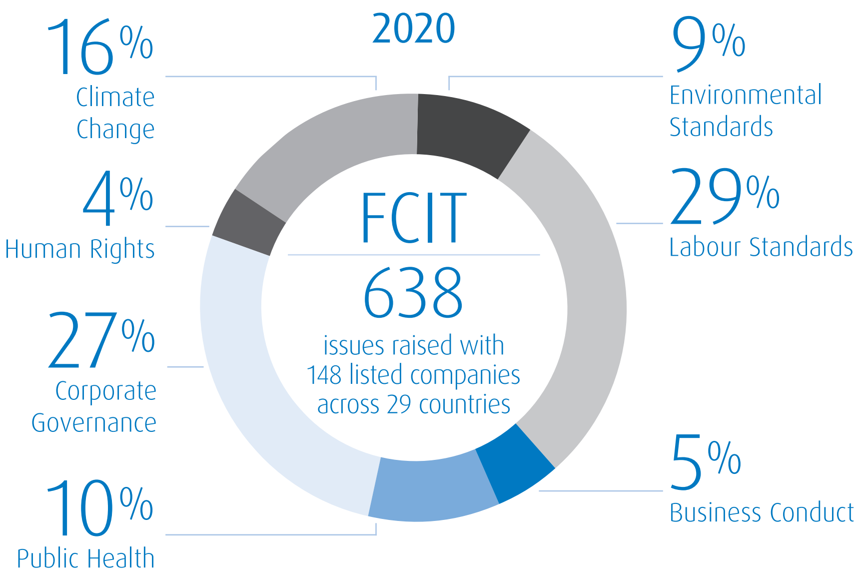


Exercising the right to vote is a key part of our stewardship responsibilities and an opportunity to influence change. The Manager applies its voting policy to all listed portfolio holdings. During 2021, the Manager voted against at least one management proposal at 19% of shareholder meetings. This compared to 21% of meetings in 2020. One of the most contentious voting issues remained remuneration. Either by voting against or abstaining, the Manager did not support 42% (2020: 43%) of all management resolutions relating to pay, often due to either poor disclosure or a misalignment of pay with long-term performance. In the case of concerns relating to decision-making on company boards, lack of genuinely independent directors or directors overcommitted through other directorships, the Manager cast votes against 17% (2020: 18%) of those standing for re-election.

The Manager's approach to voting is reviewed and developed each year. For 2022, it will formally implement biodiversity and human and labour rights criteria into the voting policy. These are topics that the Manager has engaged with companies on for many years and, in some cases, already voted against management resolutions or supported shareholder resolutions. Formally defining expectations in these areas is a significant step forward.

Engagement





During 2021, the Manager engaged with 168 listed companies in our portfolio to encourage stronger policies and disclosure on a range of Responsible Investment issues. Company responses to the Covid-19 pandemic continued to be an area of particular focus. The engagement sought to ensure that staff were supported through measures such as sick pay, in countries where this was not a mandatory requirement; the provision of personal protective equipment; and supporting employees with caring responsibilities. Climate change was also a high priority, accounting for 22% of total engagement undertaken. Through both one-to-one dialogue and collaborative work – particularly with the Climate Action 100+ initiative – the Manager called on companies to align their businesses with a global goal of net zero emissions by 2050 and to put in place robust implementation strategies to achieve this, including shorter-term targets, capital expenditure plans and aligning executive pay to climate goals.

Engagement case studies

Amazon (1.88% of the Company's portfolio)

Target: SDGs 8, 10, 12, 16

Issue: Human Rights, Climate Change

We continued our engagement programme with Amazon during 2021 on various topics focused on labour management and its influence on society in various forms. Since 2019 we have had 27 touchpoints with the company, varying in nature from one-to-one meetings with senior management to joining collective investor initiatives on a particular topic.

Human rights in the supply chain, Amazon's work on facial recognition technology and worker rights were all areas discussed. We continued to see progress also on prior engagements, with significant improvements noted in its approach to waste management and improved disclosure on how it plans to achieve implementation of its Climate Pledge in its latest sustainability report. Amazon committed to 100% renewable energy by 2025, 50% of shipments being net-zero by 2030, deploying 100,000 custom electric vehicles by 2030 and investing $100 million in nature-based solutions among others. We have pushed for greater clarity on the implementation of its Climate Pledge. We will continue to monitor and push for disclosure on progress against these commitments.

Shell plc (0.24% of the Company's portfolio)

Target: SDG 13

Issue: Climate Transition

In 2021, Shell was one of the first companies in the energy sector to allow shareholders a vote on its strategy that explains how the company intends to transition in line with the goals of the Paris Agreement, the international treaty on climate change. We had many interactions with Shell, both collaboratively through Climate Action 100+ and Eumedion, as well as individually.

We determined that the trajectory (interim targets), as well as the instruments used to achieve the required emissions reductions, did not provide sufficient certainty about alignment of the strategy with the ultimate goal of the Paris Agreement to limit global temperature rise to well below 2°C. As a result, we did not support the resolution to approve its climate strategy.

Our experience of engaging with Shell remains positive given the company's openness to dialogue and its tangible improvements. We fully recognise Shell's leadership in the energy sector and welcome the commitment to an annual say-on-climate vote at the AGM. We also acknowledge the direction of Shell's transition towards net zero emissions by 2050 for the complete value chain. However, there remains significant room for improvement in the way management is tackling decarbonisation. We will therefore continue our active engagement with the company to drive the required changes.

Kerry Group (0.51% of the Company's portfolio)

Target: SDGs 12, 13

Issue: Waste and Biodiversity

2021 was a year during which the company underwent significant change. We believe that the strategic shift towards the taste and nutrition space is an encouraging step and welcomed the divestment of some of its food business. Our constructive engagement continued in several areas, including climate change and environmental impact. While the company has set science-based targets, we set out our expectations for identification and management of climate-related physical risks. The year saw the company achieving several milestones, including improvements in waste management and packaging, where 92% of waste volumes were diverted from landfill, and the commitment to make all plastic packaging reusable, recyclable, or compostable by 2025. We encouraged the assessment of biodiversity impacts and dependencies along the value chain and related engagement with suppliers. We also engaged the company on executive compensation, urging restraint and that pay outcomes fully reflect stakeholders' experience of the Covid-19 pandemic.

Supporting sustainable development

The Board views Responsible Investment issues not just as a source of risk, but also of opportunity. Considering the alignment of our investments to global sustainability trends can help us benefit from growth in solution provider companies, as well as to understand the positive social and environmental impact we can make through investing.

The framework we use to understand our impact – both positive and negative – is that of the UN Sustainable Development Goals (**'SDGs'**). These 17 goals, adopted by all United Nations Member States in 2015, provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

The accompanying SDG Alignment chart shows how the listed companies that we hold support the achievement of the SDGs through their products and services. This has been analysed by looking at the revenues that companies generate from their different product lines and assessing how these relate to the 169 individual SDG targets that underlie the goals. We also show negative links where some of the activities of our investee companies potentially conflict with the SDGs.

The overall pattern is similar to what was reported in last year's annual report – with 55% of investee company revenues having a positive link to the SDGs. Again, the goal most represented was SDG 8 – Decent Work and Economic Growth. This reflects holdings in technology companies such as Taiwan Semiconductor Manufacturing Co , which support Target 8.2 calling for boosting economic productivity through technological upgrading and innovation; and in financial companies including Indian bank HDFC, which we map to Target 8.10, focusing on access to financial services.

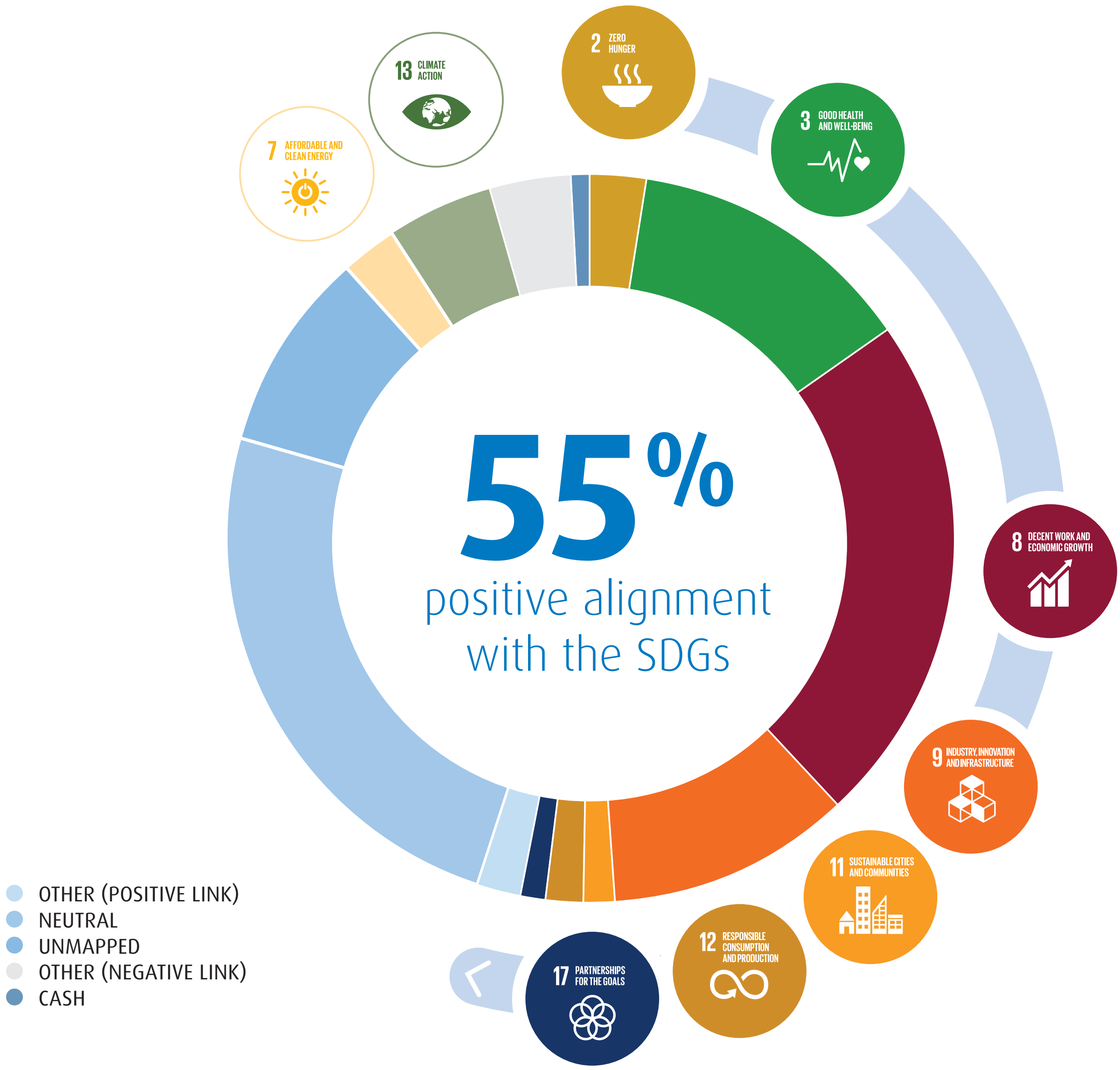
There was an increase in the alignment to SDG 9 - Industry, Innovation and Infrastructure, from 9% last year to 11%. A diverse range of activities are linked to this goal, including the production of industrial gases and chemicals by firms such as Linde and Air Liquide. Whilst both have high greenhouse gas emissions as a result of their production processes, both are involved in solutions which are essential to the energy transition, particularly the development of clean hydrogen.

Also similar to last year, our analysis identified an 11% negative mapping, representing business activities that could be detrimental to sustainable development. These mostly relate to climate change (SDG 7 on clean energy and SDG 13 on climate change) and health (SDG 3). On climate change, while below benchmark weight, we have holdings in several companies in the oil & gas and mining sectors. Many of these are subject to engagement, with the aim of mitigating environmental risks. In healthcare, the negative linkage comes through holdings in firms involved in alcohol production. In previous years, there was also a negative linkage to tobacco firms, but these positions have now been exited following the implementation of our exclusions policy.

"If working apart, we are a force powerful enough to destabilise our planet, surely, working together, we are powerful enough to save it." – **Sir David Attenborough, speaking at the COP26 Climate Conference, 2021**

SDG Alignment Chart as at 31 December 2021

Strategy alignment with the sustainable development goals ('SDGs')
Based on an analysis of the sources of revenue for each portfolio holding



REVENUE ALIGNMENT BREAKDOWN:
POSITIVE 55.2%, **NEUTRAL** 24.3%, **NEGATIVE** 10.6%, **CASH** 0.8%

Source: BMO Global Asset Management, as at 31 December 2021, designed for illustrative purposes, subject to change.
Other: SDGs less than 1%

Ten Year Record (unaudited)

All Company data are based on assets, liabilities, earnings and expenses as reported in accordance with the Company's accounting policies and is unaudited but derived from the audited Accounts or specified third-party data providers.

Assets
at 31 December

£m	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assets less current liabilities (excl loans)	2,214	2,401	2,657	2,838	3,001	3,461	3,960	3,817	4,545	4,919	**5,831**
Loans and debentures	286	322	227	261	299	248	292	325	436	407	**550**
Available for ordinary shares	1,928	2,079	2,430	2,577	2,702	3,213	3,668	3,492	4,109	4,512	**5,281**
Number of ordinary shares (million)(1)	590	577	570	562	559	547	542	542	543	537	**527**

Net Asset Value (NAV)
at 31 December

pence	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NAV per share – with debt at par	326.6	360.2	426.1	458.4	483.4	587.9	676.5	643.9	757.3	840.7	**1,002.5**
NAV per share – with debt at market value	322.9	357.6	424.8	458.4	483.4	587.2	675.8	642.9	753.9	831.8	**998.7**
NAV total return % – 5 years(2)											**83.8**
NAV total return % – 10 years(2)											**271.6**

Share Price
at 31 December

pence	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Middle market price per share	288.5	320.5	378.0	421.2	449.2	544.0	647.0	633.0	765.0	787.0	**926.0**
(Discount)/premium to NAV with debt at market value %	(10.6)	(10.4)	(11.0)	(8.1)	(7.0)	(7.4)	(4.3)	(1.5)	1.5	(5.4)	**(7.3)**
Share price High	327.9	321.6	383.0	425.9	465.0	544.0	649.0	741.0	778.0	807.0	**941.0**
Share price Low	261.5	282.5	320.5	363.0	401.6	391.2	542.0	612.0	636.0	478.0	**750.0**
Share price total return % – 5 years(2)											**84.7**
Share price total return % – 10 years(2)											**291.9**

Revenue
for the year ended 31 December

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Available for ordinary shares – £'000s	40,270	40,841	44,037	37,857	47,262(3)	58,393(3)	63,486(3)	69,438(3)	70,937(3)	52,480(3)	**58,500(3)**
Net revenue return per share – pence	6.74	7.02	7.69	6.69	8.42	10.57	11.67	12.81	13.06	9.71	**10.99**
Dividends per share – pence	7.10	8.50	9.00	9.30	9.60	9.85	10.40	11.00	11.60	12.10	**12.80**

(1) Shares entitled to dividends.
(2) Source: Morningstar UK Limited.
(3) Management fees and finance costs allocated 25% to revenue account (previously 50%).

Cost of running the Company

for the year ended 31 December

%	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expressed as a percentage of average net assets:											
Total Expense Ratio(4)	0.57	0.55	0.5	0.53	0.53	0.53	0.52	0.56	0.53	0.51	**0.47**
Ongoing Charges(4)	0.92	0.90	0.86	0.87	0.80	0.79	0.79	0.65	0.63	0.59	**0.54**
Total Costs(4)(5)	–	–	–	–	–	–	1.06	1.01	1.05	1.19	**1.16**

Gearing(4)

at 31 December %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net gearing	15.8	14.3	8.0	8.9	8.6	6.9	7.2	6.6	9.9	8.0	**9.4**

(4) See Alternative Performance Measures on pages 102 to 104 for explanation.
(5) Not calculated for years prior to 2017.

Twenty Largest Listed Equity Holdings

1. Microsoft (2)

US listed technology company focused on software products and cloud computing. The company also designs and sells hardware devices.

2.59% Total investments
£149.9m Value

2. Alphabet (3)

US listed parent company of Google. Google's primary business is focused on internet related services and products, including its internet search engine and its Android smartphone operating system.

2.09% Total investments
£120.7m Value

3. Amazon.com (1)

US listed e-commerce and cloud computing company. Largest listed internet retailer in the world based on market capitalisation.

1.88% Total investments
£108.9m Value

4. Apple (5)

US listed technology company predominantly involved in design, development and sale of consumer electronics and software worldwide.

1.84% Total investments
£106.1m Value

5. Meta (4)

US listed operator of social media sites and social networking services.

1.31% Total investments
£75.5m Value

6. UnitedHealth (8)

US listed company offering healthcare products and insurance services. One of the largest healthcare companies in the world by revenue.

1.26% Total investments
£72.9m Value

7. Taiwan Semiconductor Manufacturing (TSMC) (7)

Taiwanese listed manufacturer and designer of semiconductors.

0.90% Total investments
£51.8m Value

8. Broadcom (12)

US designer and supplier of semiconductor and infrastructure software solutions.

0.82% Total investments
£47.5m Value

9. Dollar General (43)

US listed operator of discount retail stores across primarily the southern, southwestern, midwestern and eastern US. It offers a broad range of merchandise including both consumables and non-consumables.

0.79% Total investments
£45.7m Value

10. International Flavors & Fragrances (203)

US listed manufacturer of flavours and fragrances for food, beverage and household product industries.

0.78% Total investments
£44.9m Value

The value of the twenty largest listed equity holdings represents 20.79% (2020: 21.62%) of the Company's total investments.
The figures in brackets denote the position within the portfolio at the previous year end.
There were no convertible securities in the total portfolio at 31 December 2021 (2020: nil).
These are the largest listed equity holdings excluding collective investment schemes. If the whole portfolio was considered then PE Investment Holdings 2018 LP (£184.3m), Inflexion Strategic Partners (£78.6m), Pantheon Access SICAV (£50.3m) and The Schiehallion Fund (£35.9m) would have been included in the list.
The Company's full list of investments exceeds 400 and is published monthly on the website at fandcit.com. Copies are also available on request from the Company Secretary.

11. Anthem (40)

US listed health benefits and insurance company providing health, dental, vision and pharmacy services across employer, individual and Medicaid/Medicare markets in the US.

0.75% Total investments
£43.4m Value

12. Tesla (–)

US listed designer and manufacturer of electric vehicles and batteries.

0.72% Total investments
£41.8m Value

13. Schneider Electric (16)

French listed manufacturer of electrical power products.

0.69% Total investments
£40.0m Value

14. Mastercard (9)

US listed financial services company providing financial transaction procession services worldwide as well as offering credit and debit cards and internet payment systems.

0.68% Total investments
£39.5m Value

15. Comcast (51)

US listed provider of media and television broadcasting services. The company also offers video streaming, television programming, internet and communication services to customers worldwide.

0.67% Total investments
£38.6m Value

16. Goldman Sachs (23)

US listed investment bank and financial services company.

0.66% Total investments
£38.4m Value

17. Keyence (17)

Japanese listed manufacturer of factory automation equipment.

0.60% Total investments
£34.8m Value

18. Merck (–)

US listed healthcare company primarily focused on pharmaceuticals.

0.59% Total investments
£34.1m Value

19. Nvidia (53)

US listed designer and manufacturer of graphic processing units.

0.59% Total investments
£33.9m Value

20. CVS (38)

US listed pharmacy healthcare provider offering pharmacy services as well as operating retail and specialty drugstores predominantly across the US.

0.58% Total investments
£33.7m Value

Principal Risks and Future Prospects

The Board has carried out a robust review and assessment of the Company's principal and emerging risks and the uncertainties that could threaten its future success. This includes risks posed by the change of ownership of the Manager and the ongoing Covid-19 pandemic in the near-term and longer-term risks, such as climate change. The consequences for its strategy, business model, liquidity, future prospects, long-term viability and its commitment to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest, form an integral part of this review.

Economic and market shocks in one form or another, and their consequences, are risks that have long been on the Board's risk assessment. The effects of the Covid-19 pandemic appear to be easing somewhat but its duration and future impact remain unknown and there can be no complacency. Nevertheless, the Company's purpose, strategy, investment policy and innate characteristics, most notably portfolio diversification and an embedded long-term outlook, have again demonstrated its strong resilience in the face of a global crisis. Our risk evaluation forms an inherent part of our strategy determination, described on page 9, which looks to mitigate risks and to pursue the opportunities that arise not least at times of great turmoil.
Last year we highlighted, as emerging risks, the extent and impact of the eventual response from governments to meet the costs of Covid-19 and the potential for the imposition of controls and taxes that could be detrimental to the savings industry and investors themselves. Although these risks remain, the impact of the Covid-19 pandemic and the resulting actions have been articulated in each of the principal risks rather than as a separate risk.

As reported on page 6, BMO GAM has been acquired by Ameriprise and its business is to be merged with Columbia Threadneedle. The Board looks favourably upon this acquisition and expects there to be little change for your Company. Nevertheless, any acquisition of such magnitude will introduce some uncertainty until integration of systems is fully implemented. Therefore the Board is treating this aspect as an emerging risk that it will monitor closely.

Principal Risks	Mitigation by strategy	Mitigating activities
Investment proposition and its promotion – Failure to access the targeted market or meet investor needs or expectations, including Responsible Investment policies not resulting in demonstratable progress towards our net zero commitment, leading to significant pressure on the share price. **Unchanged throughout the year.**	Our investment and business strategies aim to position us as a clear and core investment choice through all available channels. **Our discount is a KPI measured by the Board on a continual basis and is reported on page 13.**	The Manager has been retained and continues to deliver on the Company's objective and operates within a Responsible Investment culture under a corporate commitment to four key Sustainability Principles: Social Change, Financial Resilience, Community Building and Environmental Impact. With BMO GAM, the Company has the flexibility to innovate, adapt and evolve as Responsible Investment necessities and expectations change. Marketing and investor relations campaigns continued throughout the year. BMO GAM continued to enhance its savings platform and its ability to communicate directly and more effectively with investors, reinforcing its direct to consumer approach rather than following the trend of other investment trust houses which have relinquished their savings plans to generic platforms. Ameriprise, through Columbia Threadneedle, has confirmed its full support for the savings plans. As such, this risk is categorised as unchanged.

Principal Risks	Mitigation by strategy	Mitigating activities
Investment performance – Inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives may give rise to under-performance and impact dividend paying capacity. Political risk factors, including the potential emergence of restrictive government controls, could also impact performance as could market shocks such as those experienced as a result of Covid-19 and geo political factors. **Increased during the year.**	Under our Business Model, a manager is appointed with the capability and resources to manage the Company's assets, asset allocation, gearing, stock and sector selection and risk and can delegate the management of investment portfolios externally. The individual global and regional investment portfolios are managed as a whole to provide diversification, lower volatility and risk. **The performance of the Company relative to its benchmark, its peers and inflation is a KPI measured by the Board on a continual basis and is reported on page 13.**	The Company's portfolio remains diversified while its structure enables it to continue to take a long-term view. Detailed reports provided by the Fund Manager are reviewed by the Board at each of its meetings. BMO GAM's Performance and Risk Oversight team provide independent oversight on investment risk management for the directly managed portfolios. As outlined in the Fund Manager's Review starting on page 14 and reported in the Key Performance Indicators on page 13, long-term performance remains in line with expectations. In 2020 the Company purchased a series of forward currency contracts to the value of £300m as a partial hedge against the US dollar. This was reduced by £100m in late 2021 and, following the capital gain of £9.1m in the year, it showed a net unrealised capital loss as at 31 December 2021. Prudent management of the Company's Revenue Reserve means that, although the dividend for 2021 is not fully covered by the net revenue returns in the year, its dividend capacity remains strong. Russia's invasion of Ukraine and continuing economic and market uncertainty indicates that this risk has increased.
Appointed Manager – Failure of BMO GAM to continue to operate effectively resulting from inadequate systems or resources, or through the loss of key staff. **Increased during the year.**	The Business Model is based on the premise of an effective and strong working relationship with the appointed Manager while an important responsibility of the Board is the robust annual evaluation of its performance, capabilities and resources, leading to the decision on whether to reappoint it. Succession planning concerning any potential significant management changes is shared with the Board. **Internal performance KPIs and Manager errors are monitored by the Board for indications of continuity or other Manager issues.**	The Board has considered the acquisition of BMO GAM during the year and has met with Columbia Threadneedle's senior management to discuss it and as part of the annual reappointment process described on page 49. Comfort was taken as to Columbia Threadneedle's long-term financial strength and resources and its policies and commitment towards BMO GAM's investment trust business. The assessment of BMO GAM's overall viability, systems and staffing capabilities throughout 2021 included its contingency arrangements in the face of the ongoing Covid-19 constraints. All operated satisfactorily, as reported on page 56. Thorough review and challenge were made through the Audit Committee, Management Engagement Committee and the Board. Whilst the Board has reappointed the Manager, the eventual integration with Columbia Threadneedle's systems will inevitably introduce a degree of uncertainty. This risk is therefore categorised as increased.
Service providers and systems security – Covid-19 and the implementation of working from home and increased sophistication of cyber threats have heightened risks of loss through errors, fraud or control failures at service providers or loss of data through business continuity failure. **Unchanged throughout the year.**	The ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. **The Board monitors effectiveness and efficiency of service providers' processes through internal efficiency KPIs.**	The Audit Committee and the Board have regularly reviewed the Company's risk management framework with the assistance of the Manager. Regular control reports from the Manager covering risk, compliance and oversight of its own third-party service providers, including IT security and cyber-threats, have also been reviewed. The Manager has maintained regular contact with its key outsourced service providers throughout the Covid-19 pandemic and received assurances regarding the continuity of their operations. Service levels are monitored by the Manager with any deviations from the service level agreements escalated immediately, both internally and with the relevant third party. The Board has reviewed reports from the Depositary, which is liable for loss of any of the Company's securities and cash held in custody unless resulting from an external event beyond its reasonable control. Vigilance remains heightened with this risk categorised as unchanged.

The Board has continued to work with the Manager in managing our risks. A risk summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Board, through the Audit Committee, has a robust process for considering the resulting risk control assessment at regular meetings and on an ongoing basis reviews the significance of the risks and the reasons for any changes.

The Board carried out its annual exercise in December 2021 in which each Director, the Fund Manager, BMO GAM's Head of Investment Trusts and the Company Secretary independently listed what they consider to be the greatest risks that could impact the sustainable success of the Company, without reference to the Board's existing risk assessment. The purpose of the exercise was to reassess the principal risks and identify any new, emerging risks and to take any necessary action to mitigate their potential impact. The greatest risks listed by the participants in the exercise were collated and then reconciled with those in the Board's existing risk control assessment and reviewed as part of the robust assessment of the Company's risks and controls. The majority of risks had already been identified and were broadly consistent with previous exercises, however the exercise highlighted the risk associated with the integration of BMO GAM and Columbia Threadneedle, as explained above, and that reputational risk is inherent in all risks. The implications of Responsible Investment issues and climate change were uppermost once again and had been a major topic of discussion at the Board's strategy meeting held in July.

This assessment is described on page 56 and there is further information in note 26 to the Accounts. Since the exercise in December 2021, Russia has invaded Ukraine and we recognise that the Covid-19 pandemic has yet to run its course with many uncertainties remaining. We continue to review and challenge the risks that we face, including whether those more directly associated with the Covid-19 pandemic should continue to be managed as an integral part of that framework.

We are conscious of the various reviews covering UK corporate governance and audit reforms and that the Department for Business, Energy & Industrial Strategy (**'BEIS'**) is due to publish new regulations. Following publication of its initial view this year, there will be further discussion of BEIS' proposals before the regulations are finalised. The Financial Reporting Council will be replaced by The Audit, Reporting and Governance Authority, expected to be in April 2023, before the new regulations come into force. The changes will take forward the independent reviews and regulatory recommendations for the purpose of determining which will work best together to drive positive change. We note in particular Sir Donald Brydon's independent report (the **'Brydon Report'**), published in 2019, into the quality and effectiveness of audit and a key recommendation that companies provide more information and assurance about the resilience of a company. A clear framework is yet to be issued for users in preparing such a statement and we will develop our disclosures in line with the requirements when they are published. We welcome the recommendations of the Brydon Report and its message that companies need to go beyond the existing level of disclosures in order to provide more information about their ability to withstand risks arising over different periods of time. In the spirit of that report, and to provide some reassurance given the ongoing Covid-19 pandemic, we again provide more information below on the basis of our confirmation on going concern and on the Company's long-term viability.

Going concern

The Directors confirm their reasonable expectation that the Company has adequate resources to continue in operational existence for the twelve month period from the date of approval of the financial statements, being the period to 31 March 2023. This confirmation is based on a review of assumptions that took into account the outlook for global stock markets and economies; the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments; and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors also took account of the Company's resilience in withstanding the impact of the substantial fall in stock markets in March 2020 triggered by the Covid-19 pandemic and carried out stress tests covering the period from 9 March 2022 to 31 March 2023 that enabled them to assess the impact of varying degrees of:

- falls in the value of the publicly listed investments;
- widening discount and increased buyback levels;
- illiquidity and early calls on private equity commitments;
- adverse fluctuations in exchange rates; and
- adverse fluctuations in annual revenue.

In addition to the stress tests, a reverse stress test was carried out to establish the extent to which markets and revenue would need to fall and exchange rates move such that the Company would breach its most onerous financial loan covenants. These covenants stipulate that the net assets of the Company must not fall below £750m and that gearing must not exceed 35% of the adjusted portfolio value[1]. The results of the test illustrated that a 66% fall in the values of the public and private equity portfolios alongside a 60% fall in revenue and adverse exchange rate movements of 20% would take the gearing position to over 35% of the adjusted portfolio value[1] and would therefore be in breach. The test was illustrative only and undertaken without any assumptions of intervention that would mitigate their effect. Such an event is therefore highly unlikely. Under any scenario of prolonged severe market falls that could threaten the Company's ability to continue as a going concern, the Board would work with the Manager to take mitigating action that could include portfolio restructuring, reduced dividend payments and cost cutting.

[1] See Glossary of terms on page 105 for an explanation of adjusted portfolio value.

The Company's €72m loan is repayable in July 2022. In September 2021, the Company renewed, and increased from £100m to £150m, its unsecured revolving credit facility. Based on its ability to renew and increase that loan facility and the agreement to issue a total of £280m of additional fixed rate senior unsecured notes during the year, the Board does not expect to encounter any difficulty in refinancing the Company's €72m loan, should it wish to do so. In the unlikely event it is unable to do so, the impact will be immaterial.

Based on their assessment of the magnitude of the events that would cause the Company to breach of its financial loan covenants, or fail to meet its liabilities as they fall due, and their knowledge and experience of the Company's portfolio and stock markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 December 2021. See also note 25 to the Accounts.

Future prospects and long-term viability

The Directors carried out scenario testing in order to consider the Company's long term viability over a period of ten years to 31 December 2031. The tests commenced with a base case scenario that covered a range of assumptions to which sensitivity analysis was then applied in order to assess the impact of more extreme scenarios. A key assumption in each scenario included no change to the Company's dividend policy.

The worst-case scenario tested by the Directors addressed the potential impact of falls of 40% in the value of the listed investments; 35% for the private equity investments; 35% in income; and adverse exchange rate movements of 25% all occurring in 2022 with further significant falls compounding the impact in the short term and less volatile listed equity market movements thereafter. The fall in value of investments may occur for a variety of reasons, including climate change. Under this scenario the early payment of the private equity commitments would increase the proportion of that portfolio as a percentage of the total value of the investments as a whole. All loans were assumed to have been repaid at the beginning of the year. Private equity valuations were assumed to make a modest recovery in later years, while exchange rate movements would fluctuate from year to year.

The results from the worst-case scenario showed that under such highly adverse conditions the net assets would fall to no lower than £1.4 billion and would be back to around the £1.9 billion level by 31 December 2031. Dividend payments to shareholders could continue to be paid through the support of Capital Reserves.

Under a scenario based on the movements in income, inflation and valuations over the ten-year period that followed the financial crisis of 2008, net assets would rise to £10.2 billion at 31 December 2031.

The assumptions used for these tests purposefully did not take into account that under such severe conditions the Board and Manager would have taken action to mitigate the risks and offset the impact. Furthermore, the tests were a theoretical and illustrative scenario exercise, the assumptions for which are extreme and highly unlikely. Their purpose was to help inform the Directors of the Company's resilience under conditions so severe that they would impact global economies, markets, companies and businesses alike. The tests help to support the Board's assessment of the Company's long-term viability. The results do not represent its views or give an indication of the likely outcome.

The Company has proved resilient and prosperous for more than 150 years. There will inevitably be risks, but we believe that the future will continue to present tremendous opportunities for investors and for

Resilient, responsible and prosperous for over 150 years

- We have set a target to transition our portfolio to net zero carbon emissions by 2050, at the latest.
- We have a strong record of taking advantage of investment opportunities that arise from market shocks and volatility.
- We have substantial headroom under our bank borrowing financial covenants which is rigidly monitored.
- We have a long-term investment strategy under which we invest mainly in readily realisable, publicly listed securities and which restricts the level of borrowings.
- We are able to take advantage of our closed-ended investment trust structure to deliver on our objective over the long-term and have secured borrowings well in excess of ten years at historically low interest rates.
- Our business model and strategy are not time limited and, as a global investment trust, we are unlikely to be adversely impacted materially as a direct result of geo-political events over the longer-term.
- We can hold a proportion of our long-term less liquid private equity investments over very many years without pressure to realise them ahead of time.
- Our revenue and expenditure forecasts are subject to regular and robust review throughout the year against a backdrop of large revenue and capital reserves.
- We retain title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.

shareholder returns to be enhanced through a focus on companies that engage in sustainable business practices. Shareholders can be assured that our focus on delivering sustainable growth in capital and income over the longer term will be maintained. Having considered its current position and the principal and emerging risks that the Company faces and having applied stress tests under worst-case scenarios that would severely impact global economies and markets alike, the Board confirms that it has assessed the Company's prospects, to the extent that it is able to do so, over the next ten years.

In concluding that ten years is an appropriate period for this assessment, the Board considers that this approximates to:

- a suitable period over which its longer term investment performance is measurable and comparable;
- the periods over which it would typically commit to and benefit from its private equity investments; and
- the tenure of the Directors from a corporate governance perspective.

The Board also took into consideration the long-term duration of the Company's debt, the perceived viability of the Company's principal service providers, the potential effects of expected regulatory changes and the potential threat from competition. The Company's business model, strategy and the embedded characteristics shown opposite have helped define and maintain its stability over many decades. The Board expects this to continue over many more years to come.

The Directors confirm therefore, that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities in full over the coming ten years to 31 December 2031.

Principal policies

The Board has overall responsibility for the Company's principal policies, which support its investment and business strategies towards the attainment of long-term sustainable growth for our shareholders.

Investment

Our publicly stated Investment Policy is designed to help shareholders, prospective investors and stakeholders understand the scope of our investment remit and the constraints imposed under it. Any material changes to the stated policy can only be made with shareholder approval. No immediate changes are necessary as a result of the decision to transition our investments to net zero carbon emissions by 2050, at the latest.

Our remit is global. Risk diversification is achieved through geographic asset allocation and industry sector and stock selection across a wide range of markets. Within the general policy of maintaining a diversified portfolio, there are no specific geographic or industry sector exposure limits for the publicly listed equities. A limit of 5% of the value of the total portfolio has been placed on unlisted securities at the time of acquisition and excluding private equity investments. Any unlisted investment requires specific Board approval with the exception of new private equity investments, responsibility for which has been delegated to our Manager. Shareholder approval would be sought in the event that it is considered that the long-term exposure to Private Equity investments could exceed 20% of the value of the total portfolio.

Under the Company's Articles of Association, with limited exceptions, no single investment may be made which exceeds 10% of the value of the total portfolio at the time of acquisition. Under the Listing Rules, no more than 10% of the total assets may be invested in other listed closed-ended investment companies, unless such investment companies have themselves published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%. A limit of 5% of the value of the total portfolio has been placed on investment funds managed by the Manager at the time of acquisition and any such investment requires specific Board approval.

We will typically remain fully invested in equities, but are not prohibited from investing in other types of securities or assets. Derivatives may be used for the purposes of income enhancement and efficient portfolio management, covering tactical asset allocation and risk mitigation, including protection against currency risks within strict limits.

Due diligence with regard to the Investment Policy and underlying policies is carried out at each Board meeting, with regular reporting from the Fund Manager. Confirmation of adherence to the investment restrictions and limitations set by the Board is required, and given, at each meeting. The Fund Manager's Review on pages 14 to 19 provides an overview of the outcome from the application of the Investment Policy and the underlying policies during the course of the year.

Borrowing

Using our closed-ended investment company structure, we have a long record of successfully using gearing to enhance shareholder returns and this was accretive to returns in 2021. Our policy is to borrow in sterling or foreign currency over short, medium or long-term periods and normally within a range of 0 – 20% of shareholders' funds. Borrowing levels and covenant headroom are monitored at each Board meeting. We explain the impact and longer term performance potential for our returns as a result of our borrowings under Gearing on page 19.

Dividend

Our revenue account is managed with a view to delivering a rising income stream in real terms for shareholders. Prudent use of our Revenue Reserve established over many decades is made whenever necessary to help meet any revenue shortfall and to weather periods of crisis. Worldwide economic and financial instability continues and the developments in Ukraine are of great concern, but the Revenue Reserve means that we have the capacity to pay an increased dividend for 2021. Dividends can also be paid from Capital Reserves, although we have no current need, or intention, to do so.

The Board applies due diligence and determines dividend payments by taking account of timely income forecasts, brought forward distributable reserves, prevailing inflation rates, the Company's dividend payment record and Corporation Tax rules governing investment trust status. Risks to the dividend have been considered as part of the Principal Risks and Future Prospects reviews noted on page 33. They include worldwide economic, financial and political instability leading to significant deterioration in the level of income we receive and unforeseen and significant changes to our regulatory environment. We have sufficient liquid resources to fund envisaged levels of dividend payment. Information on the dividend for 2021 is reported on page 5.

Discount/Premium

Over many years we have consistently applied a share "buyback" policy. Under this policy we buy back the Company's shares in the market for the benefit of shareholders where we see value and, importantly, in pursuit of a sustainably low deviation between the share price and NAV per share and to dampen discount volatility, in normal market conditions. The policy and the levels within which it has operated are continually reviewed, with the aim of achieving the long-held aspiration of the shares trading at or close to NAV per share. Shares bought back may be cancelled or held in treasury. Those held in treasury can be sold, or new shares issued, in order to satisfy shareholder demand and, conversely, to moderate the premium to which the share price can rise in relation to the NAV per share. The Board reviews the discount or premium levels at each meeting. Information on the outcome from this policy can be found on page 5.

Responsible Investment

The Board has committed to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. Over the past year, our Manager has been working on an implementation methodology. Our approach reflects our belief in the power of investor engagement rather than simply divesting or excluding stocks or sectors. However, the activities of some companies are incompatible with our Responsible Investment approach; namely tobacco, cluster bombs and landmines, and thermal coal. We exclude companies with exposure to these activities exceeding certain revenue thresholds.

Board diversity

Our policy towards the appointment of non-executive directors to the Board is based on our belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender, ethnicity and contributions from an international perspective. The policy is always to appoint the best person for the role and, by way of this policy statement, we confirm that there is not and will not be any discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or disabilities.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of investment performance for shareholders over the longer term in the form of sustainable growth in both capital and income. We apply the policy for the purpose of appointing individuals that, together as a board, will continue to achieve that aim as well as ensuring optimal promotion of our investment proposition in the marketplace. In terms of progress in achieving diversity, the gender balance of five men and three women Directors meets the target of 33% of women on FTSE 350 company boards set under The Hampton-Alexander Review.[1] We also aim to meet the proposal of the Parker Review Committee[1], that each FTSE 250 board has as least one director from an ethnic minority background by 2024.

[1] See Glossary on pages 107 and 108

Taxation

As an investment trust company, it is essential that we retain our tax status by complying at all times with Section 1158 of the Corporation Tax Act 2010 (**'Section 1158'**) such that UK Corporation Tax is not suffered on our capital gains. Taxation returns are submitted annually and any taxation due is settled promptly. Where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts are claimed back in a timely manner. The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. In applying due diligence towards the retention of Section 1158 status and adhering to our tax policies, the Board receives regular reports from the Manager. We have received approval from HMRC as an investment trust under Section 1158 and have since continued to comply with the eligibility conditions.

Modern Slavery Act 2015

The values that we hold, our culture and the rationale for the appointment of the Manager are explained on page 9. The management company is an organisation committed to respecting human rights and stands against all forms of slavery and human trafficking. It is recognised as a leading pioneer in responsible investment and works with policymakers worldwide to deliver market-wide improvements in standards and regulations. In 2021 approximately 41% of its engagement across the companies in which the Manager invests for its clients was on social themes, with extensive work on labour practices. The Manager is an investor signatory to the Workforce Disclosure Initiative (**'WDI'**) which aims at enhancing relevant and material workforce-related disclosure on a wide range of workforce issues, covering companies' direct operations and supply chains. As part of its commitment to the WDI in 2021, the Manager held 105 engagements with 91 companies seeking improved transparency of workforce management. We are very supportive of the Manager's approach and whose formal statement can be found on its website at bmogam.com.

Our own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. We believe therefore that the potential for acts of modern slavery or human trafficking in our own environment is extremely low.

Integrity and business ethics

We apply a strict anti-bribery and anti-corruption policy insofar as it applies to the Directors and any directors or employees of the Manager or of any other organisation with which we conduct business. The Board ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

On behalf of the Board
Beatrice Hollond
Chairman
9 March 2022

Directors

Beatrice Hollond(2)
Chairman
Appointed to the Board on 1 September 2017 and as Chairman of the Board and the Management Engagement Committee on 1 January 2020. She was appointed Chairman of the Nomination Committee on 1 September 2019.
Experience and contribution:
Beatrice brings to the Board investment knowledge and expertise in regard to both equities and global fixed income. She also brings leadership skills from her time as a Managing Director of Credit Suisse Asset Management, LLC where she spent 16 years in global fixed income.
Other appointments:
Beatrice is a member of the Board of Brown Advisory in the United States and chairs its international advisory board. She also holds non-executive directorships at Telecom Plus PLC and Templeton Emerging Markets Investment Trust PLC.

Francesca Ecsery(2)
Appointed to the Board on 1 August 2013.
Experience and contribution:
Francesca brings special expertise in omnichannel consumer marketing, branding and commercial strategies and provides guidance for the effective promotion of the Company's investment proposition and access to its shares. Francesca previously held the role of Global Business Development Director at Cheapflights Media and held senior executive roles with STA travel, the Thomas Cook Group and Thorn EMI plc.
Other appointments:
Francesca is currently a non-executive director of the Association of Investment Companies (the **'AIC'**), Marshall Motors Holding plc, Air France and CT Automotive Group plc.

Jeffrey Hewitt(1)
Chairman of the Audit Committee
Appointed on 15 September 2010 and as Chairman of the Audit Committee in November 2011.
Experience and contribution:
A chartered accountant and MBA, Jeff has a strong financial background. He held a number of senior roles and is an advocate of continuous improvement in the quality of corporate reporting. Until 2020 he was Acting Chairman of Cenkos Securities plc. He was the Group Finance Director of Electrocomponents plc (1996 to 2005), Deputy Chairman (2000 to 2005) and Chair of the Pension Scheme (1996 to 2020). Prior to that, he was the Finance Director of Unitech plc (1991 to 1996). He has also chaired the Audit Committees of several listed and private companies including Vesuvius plc (previously Cookson Group plc) and John Lewis Partnership plc.
Other appointments:
None.

Edward Knapp(1)
Appointed to the Board on 25 July 2016.
Experience and contribution:
Edward brings a combination of investment, operational and general management experience worldwide, with expertise in the digital transformation of large-scale organisations, portfolio management, risk, strategy and technology. Edward was previously a Managing Director and Global Head of Business Management within the Technology function at HSBC, and prior to that he was a Chief Operating Officer at Barclays Bank. Until 2012 he was at McKinsey & Company, providing board and advisory services to clients worldwide, focusing on financial services, strategy, risk management and technology.
Other appointments:
Edward is a Member of the Board of Trustees of Asia House, a centre of expertise on trade, investment and public policy. He is also Chairman of the Board Risk and Compliance Committee of Mattioli Woods PLC, where he serves as a non-Executive Director. His wide ranging advisory experience includes being a former senior advisor to Revolut Limited.

(1) Member of the Audit Committee
(2) Member of the Nomination Committee
All the Directors are members of the Management Engagement Committee. No Director has a shared directorship elsewhere with other Directors.

Tom Joy[2]
Appointed to the Board on 1 January 2021.
Experience and contribution:
Tom has extensive investment knowledge, expertise and experience in global equity markets. He is Chief Investment Officer of the Church Commissioners for England which is responsible for managing the endowment portfolio of the Church of England. He began his career at Royal Sun Alliance Investment Management and later joined Schroders holding a variety of different roles ultimately becoming Head of Investment – Multi-Manager. He then joined RMB Asset Management where he was Chief Investment Officer until his appointment at the Church Commissioners for England in October 2009.
Other appointments:
Tom is a non-executive director of Guy's and St Thomas' Charity and chairs its Investment Committee.

Quintin Price[1]
Senior Independent Director
Appointed to the Board on 10 March 2020.
Experience and contribution:
Quintin brings investment banking and investment management knowledge and expertise to the Board from a 30 year career working at a senior level for a number of leading companies. From 2005 to 2015 he was at BlackRock where he was Global Head of Alpha Strategies and a member of the Global Executive Committee.
Other appointments:
Quintin is a Senior Advisor at Capital Generation Partners, a member of the Investment Committee of the Leverhulme Trust and a non-executive director of Aperture Investors and Liontrust plc.

Rain Newton-Smith
Appointed to the Board on 11 May 2021.
Experience and contribution:
Rain has considerable economic and political insight as well as expertise in sustainability, governance on reducing carbon emissions and in developing environmental, social and governance ('ESG') reporting. She is Chief Economist at the Confederation of British Industry, where she provides business leaders with advice on the UK economic outlook and global risks. Rain was previously Head of Emerging Markets at Oxford Economics, where she was the lead expert on China. Prior to that, Rain was a research advisor to the Bank of England's Monetary Policy Committee.
Other appointments:
Rain is a Director of Eynsham Partnership Academy, where she is trustee for six primary schools and two secondary schools and is chair of the finance committee.

Stephen Russell[1]
Appointed to the Board on 1 February 2022.
Experience and contribution:
Stephen brings the highest level of investment skills and knowledge to the Board. He is Investment Director and a member of the multi asset investment committee at Ruffer LLP, where he helps direct its investment strategy. He joined Ruffer in 2003 and has managed its flagship pooled funds and developed its institutional pension fund offering into one of the largest multi asset/absolute return fund managers in the UK. Stephen previously managed segregated pension funds at Sun Life of Canada and advised pension fund managers as a strategist at HSBC.
Other appointments:
None.

(1) Member of the Audit Committee
(2) Member of the Nomination Committee
All the Directors are members of the Management Engagement Committee. No Director has a shared directorship elsewhere with other Directors.

Chairman's statement
on corporate governance

Dear Shareholder,
On the previous two pages you will find brief details of the Directors responsible for the governance of your Company, including mine as Chairman. Details are also available at fandcit.com. The Company invests in a wide range of companies and, as a Board, we believe that good governance creates value and expect the companies in which we invest to apply high standards. In maintaining the confidence and trust of our own investors, we set out to adhere to the very highest standards of corporate governance, business and ethics transparency. We remain committed to doing so.

Governance overview

The Board has established an Audit Committee, Management Engagement Committee and Nomination Committee. The roles and responsibilities of those committees are set out in their respective reports, which follow. As the Board has no executive directors and no employees and is composed solely of non-executives, it does not have a Remuneration Committee. Detailed information on the remuneration arrangements for the Company's Directors can be found in the Remuneration Report on pages 52 to 54 and in note 5 to the Accounts.

The Company has appointed the Manager to manage the investment portfolios as well as to carry out the day to day management and administrative functions. An explanation of the reporting arrangements from the Manager is set out in the Strategic Report on page 10 and in the Report of the Audit Committee in respect of internal controls on page 57. Explanations regarding the Board's appointment of the Manager, including reference to the strength and depth of its resources, measurement of performance and alignment with the values of the Board can be found on page 8.

The Board has direct access to the company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable laws and regulations are complied with. The proceedings at all Board and committee meetings are fully recorded through a process that allows any Director's concerns to be recorded by the Company Secretary in the minutes. The Board has the power to appoint or remove the Company Secretary in accordance with the terms of the investment management agreement.

Composition of the committees

Committee membership is noted in each Director's biography on the previous two pages, while the respective terms of reference can be found on the Company's website at fandcit.com. Further detail is given in respect of the composition of the Audit Committee on page 56.

Compliance with the UK Code

We have considered and support the principles and provisions of the UK Corporate Governance Code published in 2018 (the **'UK Code'**) and believe that we have applied the principles and complied with its provisions during the year under review and up to the date of this report in so far as they apply to the Company's business. As the Company is an externally managed investment trust company with no executive directors or employees, it has not reported in respect of the provisions relating to:

- the role of the Chief Executive;
- remuneration committee;
- executive directors' remuneration; and
- workforce engagement.

The need for an internal audit function is addressed on page 57.

None of the Directors standing for re-election at the forthcoming AGM has served in excess of nine years. However, in August this year, Francesca Ecsery will have served nine years as a Director. We explain our tenure policy on page 51 and why we consider Francesca to be independent on page 46.

We also adhere to the principles and recommendations of the AIC Code of Corporate Governance (the **'AIC Code'**). Copies of the UK Code and AIC Code can be found on their respective websites: www.frc.org.uk and www.theaic.co.uk.

Beatrice Hollond
Chairman
9 March 2022

Applying the principles of the UK code

Company purpose

Information relating to the Company's purpose, values and culture can be found on pages 8 and 9.

Board leadership

The Board, led by the chairman, is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that it has reserved for its decision, which are reviewed annually. These are categorised and reviewed under strategy, policy, finance, risk, investment restrictions, performance, marketing, appointments, the Board and public documents. It has responsibility for all corporate strategic issues, principal policies (set out on pages 20, 37 and 38) and corporate governance matters which are all reviewed regularly.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Fund Manager has discretion to act and thus supervises the management of the investment portfolio which is contractually delegated to the Manager. The Board has the right of veto over the appointment of sub-managers recommended by the Fund Manager. It has responsibility for the approval of all investments in in-house funds managed or advised by the Manager and any unlisted investments with the exception of new private equity investments, responsibility for which has been delegated to the Manager.

Division of Board responsibilities

As an externally managed investment company, there are no executive directors; all the Directors are non-executive. The Chairman is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of items in conjunction with the Company Secretary. Building on the strong working relationship with the Manager, the Fund Manager and other management company personnel attend the meetings throughout the year and report to the Board. These meetings were held by video conference during the periods when various Government restrictions were in place, from March 2020 until July 2021. Discussions at all levels were held in a constructive and supportive manner with appropriate challenge and strategic guidance and advice from the Board whenever necessary consistent with the culture and values.

Quintin Price succeeded Sir Roger Bone as Senior Independent Director in May 2021. He acts as an experienced sounding board for the Chairman and an intermediary for other Directors and shareholders and he recently led the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such advice was taken during 2021.

Composition and succession

The Report of the Nomination Committee sets out on page 51 the process undertaken in respect of the appointments of Rain Newton-Smith and Stephen Russell. Rain replaced Sir Roger Bone following his retirement at the conclusion of the 2021 AGM while, more recently, Stephen replaced Sarah Arkle who retired on 31 January 2022. As reported on page 40, Rain brings considerable economic and political insight while Stephen's appointment ensures we maintain the highest level of investment skills and knowledge on the Board. The succession plan is now focused on replacing Jeffrey Hewitt, who will retire from the Board at the conclusion of the 2022 AGM. We will also look to appoint a successor to Francesca Ecsery in 2023. The composition of the Board and Committee members is set out in the Directors' details on pages 39 and 40. The Company's diversity policy is set out on page 38.

Board evaluation and effectiveness

The 2021 annual evaluation of the Board, its committees and the individual Directors has been carried out by the Chairman. The process included the completion of a tailored questionnaire by each Director followed up by confidential unattributable one-to-one interviews with the Chairman. Progress in achieving the 2021 objectives was reviewed as part of the process as was feedback on upholding the culture and values of the Board. As noted above, the appraisal of the Chairman was covered as part of the process and led separately by the Senior Independent Director. The Chairman's report on progress in 2021 was considered by the Board in March 2022 and the objectives proposed for the current year were considered. The appraisal concluded that the Board oversees the management of the Company effectively and has the requisite skills and expertise to safeguard shareholders' interests. Its Directors offer a wealth of diverse, yet complementary skills and experience gained in the UK and overseas and challenge the Manager constructively. All Directors make an effective contribution to the Board commensurate with their experience and skills. The appraisal did not highlight any material weaknesses or concerns, but identified areas of focus in the future, which have been incorporated into the objectives for the year ahead. As well as the primary, over-arching objective of delivering long-term growth in capital and income, these include refreshment of the Company's brand to ensure it remains relevant for new and existing investors, maximising the impact of our marketing activities and continuing to develop our plans to ensure the Company achieves its commitment to transition the investment portfolio to net zero carbon emissions by 2050, at the latest.

The activities of the Management Engagement, Nomination and Audit Committees were considered as part of the Board appraisal process. The conclusion from the process was that the committees continue to operate effectively, with an appropriate balance of membership, experience and skills.

Audit, risk management and internal control

The Board has a well established and effective Audit Committee, whose report is set out on pages 55 to 59. The report includes an explanation of the assessment of the Company's going concern status and how the Board oversees the risk management and internal control framework and the procedures under which risk is managed. It also covers long-term viability and the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives as well as identifying emerging risks. The rationale for the Company not having established its own internal audit function is explained, while further information on the Company's risk management and internal control framework can be found on page 57. The Committee has noted the recent reviews covering UK corporate governance and audit reforms and the BEIS consultation and it continues to monitor the results of the consultation process as they emerge.

The report of the Audit Committee provides an overview of how the Board satisfies itself on the integrity of financial statements and how the independence and effectiveness of the external auditor is assessed. An explanation is also given on the process under which the Board satisfied itself that the Report and Accounts, taken as a whole, presents a fair, balanced and understandable assessment of the Company's position and prospects.

Relations with shareholders and stakeholders

The Company's key stakeholders are the shareholders as explained on pages 10 and 11, together with information on its role in the community.

Remuneration

The remuneration policy is explained on page 52. As non-executive Directors, fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. While there are no executive directors and no employees, shareholders should expect that the fees paid to the Manager are aligned with the Company's purpose, values and the successful delivery of its long-term strategy. This is achieved, as described on page 49, by charging the management fee on the Company's market capitalisation on a tiered basis. This helps to bring down the cost ratios as the Company grows, with the benefits of scale being passed on to shareholders.

By order of the Board
BMO Investment Business Limited
Company Secretary
9 March 2022

Directors' Report

The Directors submit the Report and Accounts of the Company for the year ended 31 December 2021. The Chairman's Statement on Corporate Governance, Directors' biographies, Applying the Principles of the UK Code, the Reports of the Management Engagement, Nomination and Audit Committees, and the Remuneration Report all form part of this Directors' Report.

Statement regarding Report and Accounts

The Directors consider that, following advice from the Audit Committee, the Report and Accounts of the Company for the year ended 31 December 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee reviewed the draft Report and Accounts for the purpose of this assessment having also put in place, as explained on page 58, an independent process to provide additional comfort to the Directors in making this statement. The Outlook for the Company can be found on page 7. The Board's assessment of the Company's Principal and Emerging Risks can be found on page 32 with further information in note 26 to the Accounts. The Directors have evaluated the period since the financial year end and have not identified any subsequent events to be disclosed. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

Results and dividends

The results for the year are set out in the attached Accounts. The three interim dividends totalling 9.0 pence per share, together with the final dividend of 3.8 pence per share, which will be paid on 10 May 2022 to shareholders registered on 8 April 2022 subject to approval at the AGM (**Resolution 3**), will bring the total dividend for the year to 12.8 pence per share. This represents an increase of 5.8% over the comparable 12.1 pence per share paid in respect of the previous year.

Company status

The Company is a public limited company and an investment company as defined by section 833 of the Act. The Company is registered in England and Wales with company registration number 12901 and is subject to the FCA Listing Rules, Disclosure Guidance and Transparency Rules (**'DTRs'**) and other applicable legislation and regulations including company law, financial reporting standards, taxation law and its own Articles of Association.

Taxation

As set out on page 38 and in note 7 to the Accounts, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with Section 1158 of the Corporation Tax Act 2010. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

Prevention of the facilitation of tax evasion

The Board is committed to compliance with the Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Accounting and going concern

The Financial Statements, starting on page 68, comply with current UK Financial Reporting Standards (FRS) 102, supplemented by the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (**'SORP'**) published by the Association of Investment Companies (**'AIC'**). The significant accounting policies of the Company are set out in note 2 to the Accounts. The unqualified auditors' opinion on the Financial Statements appears on page 61. Shareholders will be asked to approve the adoption of the Report and Accounts at the forthcoming AGM (**Resolution 1**).

As discussed on page 34 and in note 25 to the Accounts, the Directors believe that, in light of the controls and monitoring processes that are in place, the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. In considering this, the Directors took into account the outlook for global stock markets and economies; the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments; and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors carried out a number of stress tests, including a reverse stress test. Accordingly, the Directors believe that it is reasonable for the financial statements to continue to be prepared on a going concern basis. The Company's long-term viability is considered on pages 35 and 36.

Statement as to disclosure of information to the auditors

Each Director confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Report and Accounts of which Ernst & Young LLP (**'EY'** or the **'auditors'**) is unaware and that he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that EY is aware of that information.

Reappointment of auditors

EY have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their reappointment and authorising the Audit Committee to determine their remuneration for the ensuing year will be put to shareholders at the AGM (**Resolutions 11 and 12**). Further information in relation to their reappointment can be found on page 58.

Capital structure

As at 31 December 2021 there were 561,819,016 ordinary shares of 25 pence each (**'ordinary shares'**) in issue, of which 35,035,876 were held in treasury. Therefore, the total number of voting rights in the Company at that date was 526,783,140. As at 4 March 2022 (being the latest practicable date before publication of this report) the number of shares in issue remained as 561,819,016 and the number held in treasury was 35,881,719.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in note 17 to the Accounts. The revenue profits of the Company (including accumulated Revenue Reserves), together with the realised capital profits of the Company, are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's Articles of Association.

The Company may adopt new Articles of Association by special resolution passed by shareholders at a general meeting.

Buyback and issue of shares

At the annual general meeting held on 10 May 2021, shareholders renewed the Board's authority to purchase up to 14.99% of its own issued ordinary shares, (excluding any shares held in treasury) at a discount to NAV per share. The shares bought back can either be cancelled or held in treasury, to be sold as and when the share price is at a premium. Shareholders also authorised the Board to issue new ordinary shares or sell shares from treasury up to 5% of the number then in issue.

A total of 9,863,496 ordinary shares were bought back during the year, all of which were placed in treasury. The shares bought back represented 1.8% of the shares in issue (calculated exclusive of any shares held in treasury) at 31 December 2020. The purchases were made at prices ranging between 751.5 pence and 940.7 pence and the aggregate consideration paid for the shares, including stamp duty and commissions, was £84.3m. A further 845,843 ordinary shares have been bought back into treasury between 31 December 2021 and 4 March 2022.

Voting rights and proportional voting

At 4 March 2022 the Company's 561,819,016 ordinary shares in issue less the 35,881,719 shares held in treasury represented a total of 525,937,297 voting rights. As at 31 December 2021 and since that date no notifications of significant voting rights have been received under the DTRs.

Approximately 45% of the Company's share capital is held on behalf of non-discretionary clients through the Manager's Savings Plans. For those planholders who do not return their voting directions for the forthcoming AGM, the nominee company will vote their shares in proportion to those who do (**'proportional voting'**). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in these plans being voted. A maximum limit of 586,000 shares that any one individual investor can vote, being approximately 5% of the minimum threshold, also applies. Any shares voted by an investor in excess of the maximum limit remain valid, but do not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Borrowings

The Company has a revolving credit facility and has issued various fixed rate senior unsecured private placement notes (the **'Notes'**). The Company also has a perpetual debenture stock. Further information is given on page 19 and in notes 13, 15 and 16 to the Accounts.

Remuneration report

At the annual general meeting held on 7 May 2020, shareholders approved the Directors' remuneration policy. It is intended that this policy will continue for the three-year period ending at the AGM in 2023, when shareholders will next be asked for their approval. The Directors' Remuneration Report, which includes the policy and can be found on pages 52 to 54, provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders will be asked to approve the report at the AGM (**Resolution 2**).

Appointments to the Board

Under the Articles of Association of the Company, the number of Directors on the Board may be no less than three and no more than fifteen. Directors may be appointed by the Company by ordinary resolution or by the Board. All new appointments require prior Board approval and are subject to re-election by shareholders at the next annual general meeting. An induction process is in place for new appointees and all Directors are encouraged to attend relevant training courses and seminars. In view of the various restrictions that have been in place as a result of the Covid-19 pandemic, induction programmes that have taken place since March 2020 have been held virtually by video conference.

Removal of Directors

The Company may by special resolution remove any Director and may by ordinary resolution appoint another person who is willing to act to be a Director in their place. The provisions under which a Director would automatically cease to be a Director are set out in the Company's Articles of Association.

Contribution and independence of Directors

The Board is composed solely of independent non-executive Directors. The Nomination Committee has considered each Director's performance and the Board has concurred with its assessment that each Director continues to make a valuable and effective contribution and remains committed in their role. Furthermore, no Director has a past or current connection with the Manager and each remains independent in character and judgement with no relationships or circumstances relating to the Company that are likely to affect their judgement. The Board has therefore concurred with the Nomination Committee's assessment that all the Directors are independent of the Manager and of the Company itself. For these reasons and those set out on page 51, the tenure of Francesca Ecsery, who will have served on the Board for nine years in August 2022, is not considered to compromise her independence. This is also the case for Jeffrey Hewitt, who has served for more than 11 years and will retire at the conclusion of the 2022 AGM.

The following table sets out the Directors' meeting attendance record in 2021. The Board held a separate meeting in July 2021 to consider strategic issues and also met regularly in private during the year, without any representation from the Manager.

Directors' attendance in 2021

	Board	Audit Committee	Nomination Committee	Management Engagement Committee
No. of meetings	8	3	3	1
Beatrice Hollond[1]	8	3	3	1
Sarah Arkle	8	3	n/a	1
Sir Roger Bone[2]	3	1	1	1
Francesca Ecsery	8	n/a	3	1
Jeffrey Hewitt	8	3	n/a	1
Tom Joy[3]	8	n/a	2	1
Edward Knapp	8	3	n/a	1
Quintin Price	8	3	n/a	1
Rain Newton-Smith[4]	5	n/a	n/a	n/a

(1) Attended but was not a member of the Audit Committee.
(2) Retired from the Board on 10 May 2021.
(3) Appointed to the Board on 1 January 2021 and to the Nomination Committee on 9 February 2021.
(4) Appointed to the Board on 11 May 2021.

Director re-elections

The biographies of the Directors are set out on pages 39 and 40 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are also set out there. Sir Roger Bone retired from the Board on 10 May 2021. Sarah Arkle retired on 31 January 2022. With the exception of Rain Newton-Smith and Stephen Russell, who were appointed on 11 May 2021 and 1 February 2022 respectively, all of the other Directors held office throughout the year under review. All Directors will stand for re-election by shareholders at the forthcoming AGM in accordance with the Company's Articles of Association, with the exception of Jeffrey Hewitt, who will retire from the Board at the conclusion of the meeting **(Resolutions 4 to 10)**.

Directors' interests and indemnification

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This deed of indemnity is a qualifying third-party provision (as defined by section 234 of the Act) and has been in force throughout the year under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and at the AGM. The Company also maintains directors' and officers' liability insurance.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the company of which they are a director (a **'situational conflict'**). The Board therefore has procedures in place for the authorisation and review of potential conflicts relating to the Directors. Limits can be imposed as appropriate.

Other than the formal authorisation of the Directors' other directorships, no authorisations have been sought. Those authorisations were reviewed in February 2022 and each Director abstained from voting in respect of their own directorships. Aside from situational conflicts, the Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Safe custody of assets

The Company's listed investments are held in safe custody by JPMorgan Chase Bank (the **'Custodian'**). Operational matters with the Custodian are carried out on the Company's behalf by BMO GAM in accordance with the provisions of the investment management agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and location of the securities held.

Depositary

JPMorgan Europe Limited (the **'Depositary'**) acts as the Company's Depositary in accordance with the Alternative Investment Fund Managers Directive (**'AIFMD'**). The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include: cash monitoring; ensuring the proper segregation and safe keeping of the Company's financial instruments that are held by the Custodian; and monitoring the Company's compliance with investment and leverage limits requirements. The Depositary receives for its services a fee of one basis point per annum on the first £1 billion of the Company's net assets and 0.25 basis points per annum on net assets in excess of that amount, payable monthly in arrears.

Although the Depositary has delegated the safekeeping of all assets held within the Company's investment portfolio to the Custodian, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Management fees

Information on the management fees payable by the Company is set out in the Report of the Management Engagement Committee on page 49.

AGM

The Company's AGM will be held at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 3 May 2022 at 12.00 noon. The Notice of Meeting is set out on pages 94 to 95 and includes a map of the venue location. The Fund Manager will give a presentation at the meeting and there will be an opportunity to ask questions. If you are unable to attend the AGM, you are requested to submit any questions you may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to the following email address: fcitagm@bmogam.com. The Fund Manager's presentation will be available to view on the Company's website, www.fandcit.com, following the meeting.

The AGM is currently proposed to be held in person. For the first time, this year shareholders will also have the opportunity to view the AGM online and to participate by asking questions and voting. Details of how to do so are given in the letter that accompanies your Form of Proxy or Form of Direction. Voting on all resolutions will be conducted by way of a poll. You are therefore requested to lodge your votes either through the online portal or by completing and returning your Form of Proxy or Form of Direction in accordance with the guidance set out on page 48. The results of each poll will be announced via a regulatory announcement and posted on the Company's website at fandcit.com after the meeting. Any changes to the AGM arrangements will be announced via a regulatory announcement and will be included on the Company's website.

Authority to allot shares and sell shares from treasury (Resolutions 13 and 14)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury, without first offering them to existing shareholders in proportion to their holdings.

Resolution 13 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £6.6m, (26.3m ordinary shares), being equivalent to approximately 5% of the Company's issued share capital (calculated exclusive of any shares held by the Company in treasury) as at 4 March 2022, being the latest practicable date before the publication of the notice of the AGM. The authority and power will expire at the conclusion of the annual general meeting in 2023 or on 30 June 2023, whichever is the earlier.

Resolution 14 empowers the Directors to allot such securities for cash, other than to existing shareholders on a pro rata basis and also to sell treasury shares without first offering them to existing shareholders in proportion to their holdings, up to an aggregate nominal amount of £6.6m (representing approximately 5% of the issued ordinary share capital of the Company at 4 March 2022, calculated exclusive of the shares held in treasury).

These authorities provide the Directors with a degree of flexibility to increase the assets of the Company by issuing new shares or selling shares from treasury, in accordance with the policies set out on page 38 or should any other favourable opportunities arise to the advantage of shareholders. The Directors expect that they will use the authorities mainly to satisfy demand from participants in the Manager's Savings Plans when they believe it is advantageous to such participants and the Company's shareholders to do so. Under no circumstances would the Directors issue shares or sell treasury shares at a price which would result in a dilution of the NAV per ordinary share.

Authority for the Company to purchase its own shares (Resolution 15)

At the annual general meeting held in 2021 the Company was authorised to purchase approximately 14.99% of its own shares for cancellation or to be held in treasury. The number of shares remaining under that authority as at 31 December 2021 was 73,391,208 shares or 13.9% of the issued share capital, exclusive of the number of shares held in treasury. **Resolution 15** will authorise the renewal of such authority enabling the Company to purchase in the market up to a maximum of 78,838,000 ordinary shares (equivalent to approximately 14.99% of the issued share capital, exclusive of treasury shares) and sets out the minimum and maximum prices at which they may be bought exclusive of expenses, reflecting requirements of the Act and the Listing Rules.

The Directors will continue to use this authority in accordance with the policy set out on page 38. Under the Act, the Company is allowed to hold its own shares in treasury following a buyback, instead of having to cancel them. This gives the Company the ability to reissue shares from treasury quickly and cost-effectively (including pursuant to the authority under Resolution 14, see above) and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are held in treasury. When the Board exercises the authority conferred by Resolution 15, it has the option of the Company either holding in treasury or of cancelling any of its shares purchased pursuant to this authority and it will decide at the time of purchase which option to pursue. Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from short-term borrowings. The authority to purchase ordinary shares will continue until the annual general meeting in 2023 or 30 June 2023, whichever is the earlier. The Board intends to seek a renewal of such authority at subsequent annual general meetings.

Form of Proxy for AGM voting

If you are a registered shareholder you will have received a Form of Proxy for use at the AGM. You will also have the option of lodging your proxy vote using the Internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the Form of Proxy in the envelope provided as soon as possible in accordance with the instructions or, alternatively, lodge your proxy vote via the Internet or the CREST proxy voting system, whether or not you intend to be present at the AGM.

All proxy appointments should in any event be returned or lodged so as to be received not later than 12.00 noon on Thursday 28 April 2022.

Form of Direction

If you are an investor in any of the Manager's Savings Plans, you will have received a Form of Direction for use at the AGM and you will also have the option of lodging your voting directions using the Internet.

All voting directions should be made as soon as possible in accordance with the instructions on the Form of Direction and, in any event, not later than 12.00 noon on Monday 25 April 2022, so that the nominee company can submit a Form of Proxy within the required period.

Voting recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole. The Board therefore recommends that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.

By order of the Board
BMO Investment Business Limited
Company Secretary
9 March 2022

Report of the Management Engagement Committee

Role of the Committee

The primary role of the Management Engagement Committee is to review the investment management agreement and monitor the performance of the Manager for the investment, company secretarial, financial, administration, marketing and support services that it provides under that agreement. It also reviews the terms of the agreement, including the level and structure of fees payable, the length of notice period and best practice provisions generally. All of the Committee's responsibilities have been carried out over the course of 2021 and 2022 to date.

Manager evaluation process

The Committee met once during the year and again in February 2022 for the purpose of the formal evaluation of the Manager's performance (including the contribution from the Manager more widely). Its performance is considered by the Board at every meeting, with a formal evaluation by the Committee each year. For the purposes of its ongoing monitoring, the Board receives detailed reports and views from the Fund Manager on investment policy, asset allocation, stock selection, gearing and risk, together with quarterly presentations on the BMO GAM managed portfolio strategies. Quarterly updates are received from the US sub-managers. The Board receives comprehensive performance measurement schedules from the Manager and also from Morningstar UK Limited and Refinitiv Eikon, which are leading data suppliers. These enable it to assess: the success or failure of the management of the total portfolio against the performance objectives set by the Board; the sources of positive and negative contribution to portfolio returns in terms of gearing, asset allocation and stock selection; and the performance of each investment portfolio against its local index, where applicable, and the risk/return characteristics. Portfolio performance information, which is relevant in monitoring the Manager, the sub-managers and the Private Equity funds of funds managers, is set out on pages 14 to 19.

Manager reappointment

The annual evaluation that took place in February 2022 included presentations from the Fund Manager and the Manager's Head of Investment Trusts. This focused primarily on the objectives set by the Board and the Manager's contribution towards achieving those objectives particularly with regard to investment strategy and marketing. As part of the evaluation, the CEO and Chief Investment Officer of Columbia Threadneedle reported on progress of the integration of its business with that of BMO GAM. They also presented to the Board on the strength of its current business, the resources and opportunities that can be expected as part of the enlarged business and their continued support for the investment trust business. With regard to performance, the Company's share price and net asset value total returns have comfortably outperformed the benchmark over both five and ten years to 31 December 2021, meeting the Company's objective of delivering long-term growth in capital and income. The Committee met in closed session following the presentations and concluded that, in its opinion, the continuing appointment of the Manager on the terms agreed was in the interests of shareholders as a whole. The Board ratified this recommendation.

The Manager's fee

In the year under review, the management fee was charged at the rate 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. The fee is calculated and paid monthly in arrears and is subject to a reimbursement for amounts earned from investments in other investment vehicles managed by the Manager. The amount paid was £14.8m, an increase of 17.5% from £12.6m paid in 2020, reflecting the higher average market capitalisation of the Company over the year. Note 4 to the Accounts provides detailed information in relation to the management fee.

The Manager delegates the management of the US portfolios to T. Rowe Price International and Barrow, Hanley, Mewhinney & Strauss for which it incurs fees. The Company reimburses the Manager for these fees, which in 2021 amounted to £5.0m (2020: £4.6m) (see note 4 to the Accounts).

Review of the Manager's fee

An important responsibility of the Committee is the regular review of the Manager's fee. The management fee is reviewed by the Committee every three years and became due in December 2021. Whilst the Committee considered that the existing fee structure was both sensible and aligned with shareholders' interests, it believed that there was scope for a reduction in the ad valorem levels and requested that BMO GAM put forward a proposal accordingly. A presentation was given by BMO GAM and the Company's broker, JPMorgan Cazenove, provided an in-depth analysis of trends and fees within the investment trust industry and of those paid by other relevant investment vehicles.

The Board agreed with BMO GAM that the fee be reduced, with effect from 1 January 2022, to a rate of 0.325% per annum of the market capitalisation of the Company up to the existing first tier of assets of £3.0 billion, then 0.30% between £3.0 and £4.0 billion and 0.25% above £4.0 billion. The proposal included a further reduction, with effect from 1 January 2023, to a rate of 0.30% up to a revised first tier of £4.0 billion and 0.25% thereafter. The Committee's recommendation to accept the proposal, on the proviso that the Manager continue to make an annual contribution to the Company's budget for marketing activities in each of the next three years, was approved by the Board.

The next review of the management fee is scheduled for February 2025.

Private equity management fees

No additional fees (beyond the annual fee detailed above) are paid to the Manager for any future commitments made to Private Equity that fall within its remit. The Manager and certain individuals employed by the Manager are, however, entitled to participate in a performance fee arrangement in the form of carried interest over secondary or co-investments made within the Private Equity programme.

The fees paid to the Private Equity managers in respect of the Private Equity funds amounted to £3.1m for 2021 (2020: £3.0m) (see note 4 to the Accounts) all of which was incurred indirectly through the funds. Some of the funds have arrangements whereby the Private Equity managers share in the profits once certain "hurdle" rates of return to investors have been achieved. These arrangements are varied and complex, but are on normal commercial terms within the Private Equity funds of funds industry. Fees payable by the underlying funds are negotiated by each manager. The arrangements also vary from fund to fund, but management fees of 2% per annum and a 20% carried interest, once an agreed hurdle rate of return for investors has been achieved, are normal.

PE Investment Holdings 2018 LP pays an annual fee of £1,000 to the General Partner. This is not directly incurred by the Company but is reflected in the underlying value of the investment. The investment in Inflexion Strategic Partners is a direct investment in that business and therefore no fees are incurred in relation to it.

Use of the "F&C" name

The Company was previously named Foreign & Colonial Investment Trust PLC and continues to own the name "Foreign & Colonial" while the Manager owns the name "F&C". The terms under which the Company can use the "F&C" name are set out in a separate trade mark licence agreement with the Manager dated 1 March 2018. The licence agreement is royalty free subject to there being no material change to the Company's management arrangements with the Manager within the next 11 years.

Committee evaluation

The activities of the Management Engagement Committee, which comprises all Directors, were considered as part of the Board evaluation process completed in accordance with standard governance arrangements as summarised on page 42. The conclusion from the process was that the Committee continues to operate effectively, with an appropriate balance of membership and skills.

Beatrice Hollond
Management Engagement Committee Chairman
9 March 2022

Report of the Nomination Committee

Role of the Committee

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition, the balance of knowledge, experience, skill ranges and diversity and consider succession planning and tenure policy. All of the Committee's responsibilities have been carried out over the course of 2021 and 2022 to date. The Committee met on three occasions during 2021 and specifically considered, monitored and reviewed the following matters:

- the structure and size of the Board and its composition particularly in terms of succession planning and the experience and skills of the individual Directors and diversity across the Board as a whole;
- tenure policy;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the selection and appointment of new Directors, including Rain Newton-Smith and Stephen Russell, and the reappointment of those Directors standing for re-election at annual general meetings;
- the need for any changes in membership of the committees;
- the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
- each Director's independence;
- the authorisation of each Director's potential conflicts of interests in accordance with the provisions of the Act and the policy and procedures established by the Board in relation to those provisions; and
- the fees of the Directors for the financial year ahead with a recommendation to the Board.

Diversity and tenure

The Board's diversity policy, objective and progress in achieving it are set out on page 38. Director searches are undertaken in accordance with this objective and policy, with the recruitment process open to a diverse range of candidates.

The Board is also of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company or, indeed, its Chairman. This is because continuity and experience can add significantly to the strength of investment trust company boards where the characteristics and relationships tend to differ from those of trading companies. While the Chairman and Directors are normally expected to serve for a nine-year term, this may be adjusted for reasons of flexibility in succession planning and to ensure continuity.

Succession planning

The Committee has in place a succession plan for the Directors, with the emphasis on maintaining the highest level of skills, knowledge and experience of the Board. When recruiting a new Director to the Board, the Committee refers to a matrix that sets out the skills and experience and considers the remaining tenure of each of the Directors. This assists in identifying the desired attributes of the new Director and ensures that the Board continues to comprise individuals with appropriate and complementary skills and experience and provides continuity.

Consideration of three search firms in December 2020 led to the appointment of Nurole Limited and the implementation of a recruitment and selection process for potential candidates. As a result of that process, Rain Newton-Smith was appointed in May 2021 to succeed Sir Roger Bone who retired at the conclusion of the 2021 AGM. Consideration of three search firms in September 2021 led to the appointment of Nurole Limited once again and the appointment of Stephen Russell on 1 February 2022 followed the retirement of Sarah Arkle on 31 January 2022. Consideration is now being given to a successor for Jeffrey Hewitt, who will retire at the conclusion of the 2022 AGM: the Committee has therefore considered which recruitment firm would be best suited for this role and has chosen Nurole Limited.

The services provided by Nurole Limited on all occasions have been for the sole purpose of recruiting the eventual appointees and there were no other business relationships in place with that company, nor does it provide any other services to the Company. The final decision on appointing new Directors always rests with the Board.

Committee evaluation

The activities of the Nomination Committee were considered as part of the Board evaluation process completed in accordance with standard governance arrangements summarised on page 42. It was concluded that the Committee continues to operate effectively.

Beatrice Hollond
Nomination Committee Chairman
9 March 2022

Remuneration Report

Directors' Remuneration Policy

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the Company's objectives. The time committed to the Company's business and the specific responsibilities of the Chairman, Senior Independent Director, Directors and the chairmen and members of the various committees of the Board and their retention are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trust companies and other similar sized financial companies. This includes provision for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and committee meetings, including those treated as a benefit in kind subject to tax and national insurance. This policy was last approved by shareholders in May 2020 with 90.31% voting in favour, 5.51% voting against, while 4.18% abstained. The Board has not subsequently received any views from shareholders in respect of the levels of Directors' remuneration. It is intended that the policy will continue for the three-year period ending at the annual general meeting in 2023.

The Company's Articles of Association limit the aggregate fees payable to the Board to a total of £500,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman and, in the case of the Chairman's fees, from the Senior Independent Director. The fees are fixed and are payable in cash, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options or long-term incentive schemes. The Board considers the level of Directors' fees annually. Fees were last increased on 1 January 2020. Towards the end of 2021 the Chairman carried out a review of fee rates in accordance with the policy. In February 2022, the Board agreed the Chairman's recommendation that, commencing 1 January 2022, the base fee for Directors and the fee for the Senior Independent Director should be increased by 4%, to £39,000 and £45,500 respectively. The Board also agreed to the Senior Independent Director's recommendation that an increase be made to the Chairman's fee commensurate with the increase in the base fee, to £78,000. The fee in respect of the chairman of the Audit Committee was increased to £14,000, to £5,500 for members of the Audit Committee and to £3,250 for the chairman and members of the Nomination Committee.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company and therefore the Board has not established a separate remuneration committee. Each Director has signed a terms of appointment letter with the Company, in each case including one month's notice of termination by either party. There is no provision for compensation for loss of office. The letters of appointment are available for inspection by emailing the Company Secretary at FCITCoSec@bmogam.com and will be available for 15 minutes before, and during, the forthcoming AGM.

The dates on which each Director was appointed to the Board are set out in their biographies on pages 39 and 40. Under the terms of their respective letters of appointment, each Director's appointment is subject to re-election at the first annual general meeting following their appointment and thereafter will continue subject to re-election at each subsequent annual general meeting in accordance with the provisions of the Company's Articles of Association and the UK Code. With the exception of Ms Newton-Smith and Mr Russell, all Directors were last re-elected at the annual general meeting held on 10 May 2021. All Directors will stand for re-election at the AGM on 3 May 2022, with the exception of Jeffrey Hewitt who will retire at the conclusion of the meeting.

The fees for specific responsibilities are set out in the table below. No fees are payable for membership of the Management Engagement Committee.

Annual fees for Board Responsibilities

	2022 £	2021 £
Board		
Chairman	78,000	75,000
Senior Independent Director	45,500	43,750
Director	39,000	37,500
Additional fees payable for committee membership:		
Audit Committee		
Chairman	14,000	13,500
Members	5,500	5,250
Nomination Committee		
Chairman	3,250	3,000
Members	3,250	3,000

Directors' shareholdings

There is no requirement under the Company's Articles of Association for the Directors to hold shares in the Company. The beneficial shareholdings of the Directors who held office at the end of the financial year are shown below:

Directors' share interests (audited)

At 31 December	2021	2020
Beatrice Hollond	5,348	3,500
Sarah Arkle	10,000	10,000
Francesca Ecsery	21,338	19,134
Jeffrey Hewitt	27,062	24,769
Tom Joy[1]	3,500	N/A
Edward Knapp	8,401	8,002
Rain Newton-Smith[2]	165	N/A
Quintin Price	12,461	7,215

(1) Appointed to the Board 1 January 2021
(2) Appointed to the Board 11 May 2021
The Company's register of Directors' interests contains full details of Directors' shareholdings.

Since the year end, and up to 4 March 2022 (being the latest practicable date before the publication of the Report and Accounts), the following Directors have acquired further ordinary shares in the Company: Beatrice Hollond 221, Edward Knapp 21 and Jeffrey Hewitt 110. There have been no changes in any of the other Directors' shareholdings detailed above. No Director held any interests in the issued stock or shares of the Company other than as stated above.

As at 4 March 2022 the Fund Manager held 183,774 ordinary shares in the Company.

Policy implementation

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to shareholders at the forthcoming AGM. At the 2021 AGM, shareholders approved the Remuneration Report in respect of the year ended 31 December 2020: of the votes cast, 90.6% were cast in favour of the resolution, 5.7% were against, while 3.7% abstained.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 31 December 2021 was £384,500. The single total figure of remuneration for each Director is detailed below, together with the prior year comparative.

Single total figure table

	Fees £'000s (audited)			Taxable Benefits[1] £'000s (audited)			Total £'000s (audited)		
Director	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Beatrice Hollond[2]	78.0	78.0	0.0	0.7	0.1	600.0	78.7	78.1	0.8
Sarah Arkle[3]	42.8	42.8	0.0	1.5	0.0	100.0	44.3	42.8	3.5
Sir Roger Bone[4]	18.7	52.0	(64.0)	0.0	0.0	0.0	18.7	52.0	(64.0)
Francesca Ecsery	40.5	40.5	0.0	0.9	0.0	100.0	41.4	40.5	2.2
Jeffrey Hewitt[5]	51.0	51.0	0.0	0.7	1.1	(36.4)	51.7	52.1	(0.8)
Tom Joy[6]	40.0	n/a	n/a	1.5	n/a	n/a	41.5	n/a	n/a
Edward Knapp	42.8	42.8	0.0	1.4	0.0	100.0	44.2	42.8	3.3
Nicholas Moakes[7]	n/a	40.5	n/a	n/a	0.0	n/a	n/a	40.5	n/a
Rain Newton-Smith[8]	24.0	n/a	n/a	1.1	n/a	n/a	25.1	n/a	n/a
Quintin Price[9]	46.7	33.7	38.6	1.5	0.0	100.0	48.2	33.7	43.0
Stephen Russell[10]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	384.5	381.3	0.8	9.3	1.2	675.0	393.8	382.5	3.0

(1) Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.
(2) Highest paid Director.
(3) Retired from the Board on 31 January 2022.
(4) Retired immediately following the AGM on 10 May 2021.
(5) Retires following the AGM on 3 May 2022.
(6) Appointed to the Board on 1 January 2021 and the Nomination Committee on 9 February 2021.
(7) Retired from the Board and Nomination Committee on 31 December 2020.
(8) Appointed to the Board on 11 May 2021.
(9) Appointed to the Board on 10 March 2020, the Audit Committee on 7 May 2020 and became Senior Independent Director on 11 May 2021.
(10) Appointed to the Board and Audit Committee on 1 February 2022.

The information in the table above for the years 2020 and 2021 has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

The table below is shown to enable shareholders to assess the relative importance of spend on remuneration. It compares the remuneration, excluding taxable benefits, against the shareholder distributions of dividends and share buybacks.

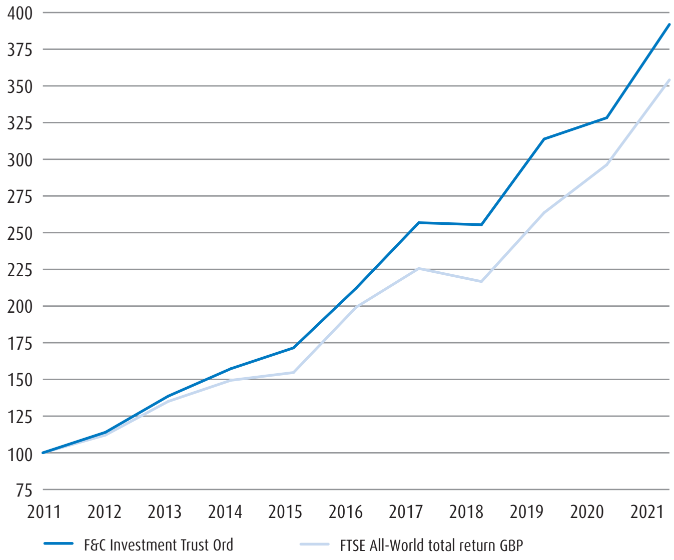
Actual expenditure	2021 £'000s	2020 £'000s	% Change
Aggregate Directors' Remuneration	384.5	381.3	0.8
Aggregate Dividends paid to shareholders	65,578	62,774	4.5
Aggregate cost of ordinary shares repurchased	84,326	41,821	101.6

Company performance

An explanation of the performance of the Company for the year ended 31 December 2021 is given in the Chairman's Statement and Fund Manager's Review.

A comparison of the Company's performance over the last ten years is set out on the graph opposite. This shows the total return (assuming all dividends are reinvested) to ordinary shareholders compared with that of the Company's benchmark, FTSE All-World (Total Return, GBP). The Board believes that this index is the most appropriate for performance comparison purposes as it reflects the Fund Manager's investment universe.

Shareholder total return vs benchmark total return over ten years



Source: BMO GAM & Refinitiv Eikon

Annual statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 31 December 2021:

- The major decisions on Directors' remuneration;
- Any substantial changes relating to Directors' remuneration made during the year; and
- The context in which the changes occurred and decisions have been taken.

On behalf of the Board
Beatrice Hollond
Chairman
9 March 2022

Report of the Audit Committee

I am pleased to present to you the Report of the Audit Committee for the year ended 31 December 2021. This Annual Report has been reviewed with continued focus on the risks and implications associated with the impact of the ongoing Covid-19 pandemic. The Committee continues to scrutinise the Private Equity managers' valuation processes and controls to ensure the highest levels of scrutiny and oversight are applied.

Role of the Committee

The primary responsibilities of the Audit Committee are to ensure the integrity of the financial reporting and statements of the Company, to oversee the preparation and audit of the annual accounts, the preparation of the half year accounts and the risk management and internal control processes. The Committee met three times during the year with the Manager's Investment Trust Accountant, Head of Investment Trusts, Risk Managers and the Fund Manager in attendance. EY attended on two occasions and have met in private session with the Committee. The Board Chairman was invited to, and regularly attended, Committee meetings.

Specifically, the Committee considered, monitored and reviewed the following matters:

- The operational performance of the Manager and third-party service providers in terms of business continuity against the backdrop of the ongoing Covid-19 pandemic.
- The financial statements, including advice to the Board as to whether the annual report and accounts taken as a whole are fair, balanced and understandable;
- The accounting policies of the Company;
- A report setting out the review of going concern undertaken by the Manager and reviewed and assessed the basis and results of its associated reverse stress test;
- The principal and emerging risks faced by the Company and the effectiveness of the Company's system of risk management and internal control environment;
- The assumptions and results of the scenario testing of the long-term viability of the Company and the basis of the Future Prospects and Long-Term Viability statement;
- How the Company has applied the principles and complied with the provisions of the UK Code;
- The effectiveness of the external audit process and the current independence and objectivity of the auditor, EY;
- The appointment, remuneration and terms of engagement of EY;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- Whether to change the Company's current policy by establishing its own Internal Audit function;
- The implications of the acquisition of BMO GAM by Ameriprise Inc. in terms of the eventual integration of the systems, risk management and internal control infrastructure with its existing asset management arm, Columbia Threadneedle;
- The ISAE/AAF and SSAE16 reports or their equivalent from BMO GAM, the Custodian, Depositary, the Private Equity managers and the sub-managers and a due diligence report from the Company's Share Registrar;
- Bank counterparties;
- The Company's trademarks and intellectual property rights; and
- The Committee's terms of reference for approval by the Board.

Comprehensive papers relating to each of these matters were prepared for discussion. These were debated by the Committee and any recommendations were fully considered if there was a judgement to be applied in arriving at conclusions. Recommendations were then made to the Board as appropriate. With regard to the change of ownership of BMO GAM that took effect on 8 November 2021, the Committee has received confirmation from the new owners that the existing systems and controls are unchanged and have continued to operate effectively throughout the year under review and thereafter without any material change to the date of this report. The merger of BMO GAM and Columbia Threadneedle will entail the progressive integration of the two entities, which the Committee will monitor closely from a risk management and internal control perspective.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information, as noted in the Statement of Directors' Responsibilities on page 60. On broader control policy issues, the Committee has reviewed, and is satisfied with, the Code of Conduct and the Anti-Bribery and Anti-Corruption Operating Directive to which the Manager's employees are subject. The Board is responsible for ensuring appropriate procedures and processes are in place to enable issues of concern to be raised. Mindful of this, the Committee has reviewed the Manager's Whistleblowing Policy, under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication by the Manager to this Committee where matters might impact the Company, with appropriate follow-up action. In 2021 there were no such concerns raised with the Committee and this was reported to the Board.

Composition of the Committee

The Board recognises the requirement for at least one member of the Committee to have recent and relevant financial experience and for the Committee as a whole to have competence relevant to the sector in which the Company operates. The Committee comprises four independent non-executive Directors. I, Jeffrey Hewitt, am Chairman of the Committee and a Chartered Accountant and was for many years Group Finance Director of Electrocomponents plc, as well as currently or having recently been audit committee chairman of other listed companies. The other members of the Committee have a combination of financial, investment and business experience through the senior posts held throughout their careers. Several have wide experience of the investment trust sector. Details of the Committee members can be found on pages 39 and 40. I will retire as a Director and Chairman of the Committee at the conclusion of the forthcoming AGM. The process to appoint my successor has commenced. The Committee's terms of reference can be found on the website at fandcit.com.

Management of risk

The Manager's Business Risk Department provides regular control reports to the Committee covering risk and compliance, while the Company's management agreement requires that any significant issues of direct relevance to the Company are reported to the Committee and to the Board without delay. Of key importance during the year was the Company's ability to continue to operate effectively in the face of the ongoing Covid-19 pandemic as, for the most part, staff at the management company continued to work remotely. The necessary arrangements were well established at the outset of the Covid-19 pandemic, with staff already having the facilities to operate effectively and they were experienced in working from home. Whilst there is some dependency on third parties, reassurance on their ongoing arrangements was received and are robust. The Manager and its third parties have continued to monitor the well-being of staff throughout the year and provided equipment where necessary. In early 2022, with the severity of the symptoms of Covid-19 easing as a result of the UK's comprehensive vaccination programme, the management company's staff were encouraged to return to the office three days per week and they have begun to do so. Many will operate on a hybrid arrangement in future, with time split between the office and working from home. Online meetings will continue to ensure regular communication amongst teams, whilst staff meetings and updates will continue to ensure regular engagement by senior management. We are cognisant that a rise in infection rates may warrant the reintroduction of restrictions and cause disruption to work patterns again in the future.

The Manager has therefore been able to continue to serve the Company without interruption or incident and its Business Risk Department continued to provide regular control reports to the Committee covering risk and compliance. Any significant issues of direct relevance to the Company are required to be reported to the Committee and Board immediately. There were no such reports during the year under review and up to the date of this report.

For the management of risk, and as explained on page 34, a key risk summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls that are in place and the actions being taken to mitigate them. The Board has a robust process for considering the resulting risk control assessment at regular meetings and dynamically reviews the significance of the risks and the reasons for any changes. The Company's Principal Risks and Future Prospects, and the process for the identification of emerging risks, are set out on pages 32 to 36, with additional information given in note 26 to the Accounts. Included within these disclosures is information detailing the reverse stress tests that have again been carried out as part of the Board's assessment of the Company's going concern status and the scenario testing that encapsulates the long-term viability of the Company. Those tests consider the combination and magnitude of plausible events that could potentially force the Company to discontinue its operations or impact its resilience and its ability to meet its liabilities over the coming ten years.

The Committee noted the extent and robustness of the Board's review and its assessment of the principal risks and identification of emerging risks and participated in the process as Board members themselves. The integration of the risks identified into the analyses underpinning the Future Prospects and Long-Term Viability statement on page 35 was considered fully and the Committee concluded that the Board's statement was soundly based. The period of ten years was also agreed as remaining appropriate for the reasons given in the statement, whilst recognising that it remains longer than that used by many other companies.

We welcome and will continue to monitor the debate over governance and audit reforms and the results of the consultation paper published by BEIS as they emerge between now and when the regulations will be finalised. The Company will continue to apply the highest standards of governance and disclosure as they develop.

Risk management and internal control

The Board has overall responsibility for the Company's system of risk management and internal control, for reviewing its effectiveness and ensuring that risk management and internal control processes are embedded in the Manager's day-to-day operations. The Committee has reviewed and reported to the Board on those controls, which aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Committee through regular reports provided by the Manager. The reports cover investment performance, performance attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third-party administrators of the Manager's savings plans and on other relevant management issues.

The system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss or fraud. Further to the review by the Committee, the Board has assessed the effectiveness of the Company's internal controls. The assessment included a review of the Manager's risk management infrastructure and the report on its policies and procedures in operation and tests for the year to 31 October 2021 and subsequent confirmation from the Manager that there had been no material changes to the control environment in the period to 4 March 2022. This had been prepared by the Manager for all its investment trust clients to the International Standard on Assurance Engagement (ISAE) No. 3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06) (the **'ISAE/AAF Report'**). The ISAE/AAF Report from independent reporting accountants KPMG sets out the Manager's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of those controls is monitored by the Manager's Group Audit and Compliance Committee which, for the year to 31 October 2021, received regular reports from BMO's Corporate Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses within the Manager's control environment and those extending to any outsourced service providers to ensure that action would be taken to remedy any significant issues. Any errors or breaches relating to the Company are reported at each Committee and Board meeting by the Manager, including those relating to the administration of their savings plans and related complaint levels. Material issues would be reported earlier to the Chairman. No failings or weaknesses that were material to the overall control environment or financial statements were identified in the year under review. The Committee also reviewed the control reports of the Custodian, the Depositary, T. Rowe Price and Barrow, Hanley, Private Equity managers and the Share Registrars' due diligence report and was satisfied that there were no material exceptions.

Through the reviews noted above and by direct enquiry of the Manager and other relevant parties, the Committee and the Board are satisfied that there were no material control failures or exceptions affecting the Company's operations during the year or in 2022 to the date of this report.

Based on the processes and controls in place within the management company, the Committee has concluded, and the Board has concurred, that there is no current need for the Company to have a separate internal audit function.

External audit process and significant issues considered by the Committee

In carrying out its responsibilities, the Committee has considered the planning arrangements, scope, materiality levels and conclusions of the external audit for 2021. The table on page 58 describes the significant judgements and issues considered by the Committee in relation to the financial statements for the year and how these issues were addressed. Specifically, the most significant judgement for the year concerned the private equity investment, Inflexion Strategic Partners, which was written up in value again. The Committee also included in their review the areas of judgements, estimates and assumptions referred to in note 2(c)(xiii) to the Accounts. Likewise, the Committee reviewed the disclosure and description of Alternative Performance Measures provided on pages 102 to 104 and is satisfied that the disclosure is fair and relevant.

With the increasing complexity of the Private Equity investments, the Committee continues to scrutinise and challenge the valuation of those investments. It questioned all the Private Equity managers on their processes in meetings during the year. The year end valuation is an estimate based on the September valuations extrapolated to the year end by adjusting for cash flows and any known events (as described in notes 2(c)(ii) and 26(d) to the Accounts). The Committee reviewed prior year experience on the validity of this estimation process by comparing variances in the estimated value with the actual audited values (which become known in May/June of the following year). The variances were not significant, but in some cases higher than in previous years: where this was the case, the Committee understood the reasons through discussion with the managers. In testing and challenging underlying adjustments made by the Private Equity managers the Committee ensures that the highest levels of oversight and scrutiny are applied. The process for valuing the direct Private Equity valuations was reviewed and confirmed by the Committee as being appropriate.

The Committee met in February 2022 to discuss the final draft of the Report and Accounts, with representatives of EY and the Manager in attendance. EY submitted their year end report and indicated that at

Significant Judgements and Issues considered by the Committee in 2021	
Matter	**Action**
Investment Portfolio Valuation	
The Company's portfolio of investments comprises large cap, liquid securities quoted on recognised stock exchanges, together with illiquid Private Equity funds of funds and one direct investment. The Private Equity vehicles, which are subject to signed agreements covering long-term commitments and funding, hold a diversity of unquoted investments whose values are subjective.	The Committee reviewed annual audited internal control reports from the Manager, the sub-managers and Private Equity funds of funds managers. These reports indicated that the relevant systems and controls surrounding daily pricing, cash and holdings reconciliations, security valuation and Private Equity funding had operated satisfactorily. In addition, with regard to Private Equity vehicles, the Committee: discussed controls directly with the managers; reviewed the managers' estimated valuations in detail at six monthly intervals; and performed a thorough review and comparison of each Private Equity fund's 31 December 2020 or most recent audited value versus the managers' estimated valuation adopted by the Company in its own reporting. The review indicated that the Private Equity managers' estimated valuations could continue to be relied upon as being at fair value in accordance with the Company's accounting policy. The process for valuing the direct private equity valuations, including the write-up of the value of Inflexion Strategic Partners, as explained on page 18, was reviewed and agreed by the Committee.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its NAV.	The Committee reviewed the annual audited internal control reports of the Manager and the Custodian. Neither of these reports indicated any failures of controls over the existence and safe custody of the Company's investments and cash balances. The Committee reviews regularly the list of banks which the Manager and sub-managers are authorised to place cash and deposits with. The Company's Depositary reported quarterly on the safe custody of the Company's investments and the operation of controls over the movement of cash in settlement of investment transactions. Through these reports the Committee is satisfied that the assets remained protected throughout the year.
Income Recognition	
Incomplete controls over, or inaccurate recognition of, income could result in the Company misstating its revenue receipts and associated tax, with consequences for overall performance, payment of dividends to shareholders, and compliance with taxation rules.	The Committee's review of the Manager's annual audited controls report indicated that there were no control failures in the year. The Committee reviewed that special dividends had been correctly treated in accordance with the Company's accounting policy. Investment income was tested and reported on by the Manager and agreed by the Committee.

that stage they would have no reason not to issue an unqualified audit opinion in respect of the Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board.

The Committee recognises the importance of continually improving non-financial reporting and the increased focus on the Strategic Report by investors and regulators. Therefore, the Committee has carefully considered the disclosures made in the Report and Accounts particularly in relation to those made under section 172(1) of the Act, including how wider stakeholder interests have been taken into account by the Directors while performing their duties and related disclosures with regard to Responsible Investment issues. The Committee has had regard to the non-financial reporting requirements in the Act, which is an area of reporting that continues to evolve.

The Committee also noted that an independent, experienced and objective third-party consultant was engaged to review the Report and Accounts and comment on its fairness, balance and comprehension. The Committee recommended to the Board that the Report and Accounts were in its view, fair, balanced and understandable in accordance with accounting standards, regulatory requirements and best practice.

The Independent Auditor's Report which sets out the unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 61 to 67.

Auditor assessment, independence and appointment

The Committee reviews the reappointment of the auditor every year and has been satisfied with the effectiveness of EY's performance. The audit partner rotates at least every five years, in accordance with professional guidelines. Having served for five years, Julian Young rotated off the Company's account following the audit for the 2020 financial year and he has been succeeded by James Beszant as the senior statutory auditor. EY have confirmed that they are independent of the Company and have complied with relevant auditing standards. In evaluating EY, the Committee has taken into consideration the standing, skills and experience of the firm and of the audit team. From direct observation and indirect enquiry of management, the Committee is satisfied that EY will continue to provide effective independent challenge in carrying out their responsibilities.

The Committee also considered the evaluation of EY's audit performance through the FRC's Audit Quality Inspection Report for 2020/21. The FRC reviewed 19 of EY's audits, of which 15 (79%) were assessed as requiring no more than limited improvements. This reflects an improvement on the previous year (71%) and these results compare favourably with the FRC's overall inspection findings, which showed that 71% of audits (73 out of 103) required no more than limited improvements (2019/20: 67%). Included within the EY sample were 12 FTSE 350 audits, of which 75% met the equivalent standard.

The FRC's ethical standards continue to press for ever higher quality auditing standards which means that audit firms are incurring substantial costs. It also expects audit firms to demonstrate that they are economically sustainable. This upward pressure on costs has been reflected in significant increases in the audit fee in recent years. The audit fee for 2021, including irrecoverable VAT, was £140,000 (2020: £130,000). More details can be found in Note 5 to the Accounts. The Committee has a duty to consider carefully the audit for value and effectiveness and, as part of its annual review, the need for putting the audit out to tender for reasons of quality, independence or value. The Company is required to carry out a tender every ten years with the next due no later than 2026. In view of the substantial increases in the fee over recent years and the potential for further increases in future years, the Committee continues to monitor developments and take market soundings on audit quality and fees as appropriate.

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of the policy on the provision of non-audit services.

Non-audit services

The Committee regards the continued independence of the external auditor to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditors are not considered to be expert providers of the non-audit services;
- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditors.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years. Any individual service likely to exceed £5,000 is agreed by the Committee prior to the commencement of the services. There were no non-audit services for the year ended 31 December 2021 (2020: nil).

FRC Review of the 2020 Annual Report

The Supervision Committee of the FRC reviews and investigates the annual accounts, strategic reports and directors' reports of public and large private companies for compliance with relevant requirements. In 2021, it carried out a review of the Company's 2020 annual report and I am pleased to report that, based on the review, there were no questions or queries that the FRC wished to raise. It has requested that we make it clear that the FRC's review provides no assurance that the 2020 annual report and accounts are correct in all material respects; its role is not to verify the information provided but to consider compliance with reporting requirements; and that the review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into, but that it was conducted by staff who have an understanding of the relevant legal and accounting framework.

Committee evaluation

The activities of the Audit Committee were considered as part of the Board evaluation process completed in accordance with standard governance arrangements as summarised on page 42. A full evaluation was undertaken on the effectiveness, roles and responsibilities of the Committee in accordance with the FRC's current guidance. The evaluation found that the Committee continued to function effectively, with an appropriate balance of membership and skills.

Jeffrey Hewitt
Audit Committee Chairman
9 March 2022

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. Further details can be found in notes 2 and 25 to the Accounts.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Report and Accounts is published on the fandcit.com website, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company’s website. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors listed on pages 39 and 40 confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- in the opinion of the Directors the Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

On behalf of the Board
Beatrice Hollond
Chairman
9 March 2022

Independent Auditor's Report
to The Members of F&C Investment Trust PLC

Opinion

We have audited the financial statements of F&C Investment Trust PLC (the 'Company') for the year ended 31 December 2021 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and the related Notes to the Accounts 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

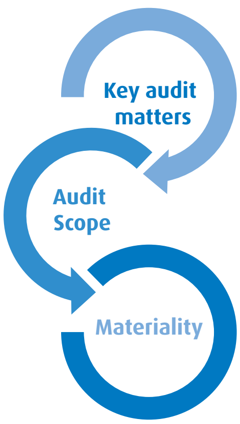
The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process and held discussions with the Directors and BMO Investment Business Limited ('BMOIB' or 'the Manager') to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast, the stress and reverse stress tests and the liquidity assessment of the investments.
- We discussed the assessment with the Directors and the Manager and reviewed Board minutes for risks, events or contrary evidence that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.
- We reviewed the factors and assumptions as applied to the revenue forecast, stress and reverse stress tests prepared by the Manager, including in response to the Covid-19 pandemic. We considered the appropriateness of the methods used to calculate the revenue forecast and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company. We also considered the likelihood of the occurrence of the reverse stress test scenario and any available mitigating actions that could be taken.
- In relation to the Company's borrowing arrangements, we inspected the Company's assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors in order to identify what factors would lead to the Company breaching the financial covenants.
- We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.

Overview of our audit approach



- Incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement.
- Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.
- Incorrect valuation or ownership of the quoted investment portfolio.
- Overall materiality of £52.8m which represents 1% of net assets.

- We reviewed the Directors' assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and compare them to our understanding of the Company's risks.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 31 March 2023, which is at least 12 months from the date the financial statements were authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Climate change

The Company has determined that the principal impact of climate change is on the investments in the portfolio and the risk of failing to meet investor needs or expectations. This is explained on page 32 in the principal and emerging risks section, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 2(c)(xiii) and conclusion that there was no material impact of climate change on the valuation of the investments. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td>
Incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement (2021: £519.2m, 2020: £374.7m)
Refer to the Audit Committee Report (page 58); Accounting policies (page 73); and Note 10 to the Accounts (page 81)
The Company invests in a number of unlisted private equity holdings, either through fund investments or through co-investments which are selected by BMO Investment Business Limited ('BMOIB' or 'the Manager') and managed by various specialist private equity managers ('PE Managers'). The primary PE Managers are BMOIB, HarbourVest Partners LLP and Pantheon Ventures (UK) LLP. Primary PE fund investments are held through the Company while secondary or co-investment opportunities are held through PE Investment Holdings 2018 LP ('PE LP'), an investment vehicle in which the Company is the sole Limited Partner. The Company also holds a direct investment in Inflexion Strategic Partners, a mid-market Private Equity business.
Valuation
The Company's accounting policy for the valuation of these investments is as follows;

Funds and co-investments – the Directors rely on unaudited valuations of the underlying unlisted investments as supplied by the PE managers, rolled forward for any calls and distributions in the subsequent period.
Direct investment – fair valued by BMOIB with reference to an earnings multiple model.

There is the risk that inaccurate judgments and estimates made in the assessment of fair value could materially misstate the value of the investment portfolio in the Balance Sheet, and the unrealised gains/(losses) in the Income Statement. There is also incentive and opportunity for the Manager to inflate valuations to meet market expectations.
Ownership
The unquoted investments are not reconciled on behalf of the Company by a custodian and instead BMOIB are responsible for processing and monitoring the ownership of these investments.
There is a risk that the incorrect number of shares are recorded, particularly where trades are initiated or settled close to the Balance Sheet date.
</td><td>
We have performed the following procedures:
Valuation

We obtained an understanding of the Manager's processes and controls for the valuation of the unquoted investments by performing walkthrough procedures and reviewing the BMOIB internal controls report.
We obtained an understanding of the governance structure through discussion with BMOIB and inspected oversight of the unquoted valuation process at Board level through reading minutes and reports from Board meetings throughout the year.
To test for the risk of management override, we tested a sample of manual journal entries posted in relation to unquoted investments during the year to verify these were included in the year-end valuations and subsequently tested as part of our procedures on the following page.

Fund investments

We performed a back-testing exercise to assess the historical accuracy of a sample of unquoted investments' estimated 2020 investment valuations. We compared the Company's investment values per the Company's 2020 audited financial statements, which were estimates at the time, to the unquoted investment values subsequently reported by the respective PE Manager as at 31 December 2020. For this sample, we also confirmed that the PE Managers are following fair value accounting principles by reviewing the valuation policies disclosed in their latest audited accounts or quarterly valuation report.
We agreed the NAV of all unquoted investments on the investment report to the estimated NAV valuations included in the 31 December 2021 NAV statements provided directly by the underlying PE Managers, whether held directly by the Company or indirectly through PE LP. Where 31 December 2021 estimated NAV valuations were not available, we obtained the 30 September 2021 NAV statements from the underlying PE managers and tested management's roll forward exercise which adjusts for cash flows, foreign exchange movements and any other adjustments, in the period to 31 December 2021.
We held meetings with HarbourVest Partners LLC, Pantheon Ventures (UK) LLP and BMOIB to discuss and challenge:

The annual performance of the investment funds during the year to 31 December 2021.
The reasons for any material variances noted between estimated and actual NAVs for the year ended 31 December 2020.
Whether any post balance sheet information is available that would require adjustments to be made to the estimated 31 December 2021 NAVs.

We recalculated the valuation of all unquoted investments in foreign currencies using exchange rates from third-party sources to gain assurance over the reasonableness of currency rates used.
We recalculated the unrealised profits on the revaluation of all unquoted investments.
For a sample of unquoted investments, we confirmed the realised gains/(losses) to the notices received from the relevant PE Manager. These are calculated as the difference between distribution proceeds less return of capital.
We compared the Company's valuation methodology to the requirements of FRS 102.

Direct Investment

We engaged our specialist valuation team who performed the following procedures:

Understood the Inflexion Strategic Partners investment model through discussions with the BMOIB private equity team;
Reviewed the BMOIB valuation model and assessed its appropriateness against valuation principles;
Challenged the judgments and assumptions, including: the choice of model, the choice of comparable quoted companies and the discount applied compared to comparable quoted company multiples; and
Performed an independent detailed analysis to derive a reasonable valuation range.

The audit team verified the inputs to the model to third-party data (earnings, net debt, comparable quoted company multiples), and recalculated the valuation using the model inputs to verify the mathematical accuracy of the calculation.

Ownership

We obtained an understanding of the Manager's processes and controls for the ownership of the unquoted investments by performing walkthrough procedures.
For all fund investments, we reviewed the signed Limited Partnership Agreements ('LPAs'), to confirm ownership of the investments.
For all investments, we agreed independently obtained confirmations from the underlying PE Managers to the Company's records to confirm the total committed capital and the amount drawn down at the year end as a test of existence.

</td></tr>
</table>

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement. Based on the work performed, we have no other matters to report to the Audit Committee.

Risk	Our response to the risk
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (Special dividends - 2021: £2.9m, 2020: £1.3m. Other revenue - 2021: £76.2m, 2020: £68.9m) Refer to the Audit Committee Report (page 58); Accounting policies (page 74); and Note 3 to the Accounts (page 76) The investment income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or failure to apply appropriate accounting treatment. The income received during the year consisted primarily of dividend income from listed investments. Special dividends represent dividends paid by investee companies that are additional to the normal or expected dividend cycle for that company. In accordance with the AIC SORP, special dividends can be included within either the revenue or capital columns of the Income Statement, depending on the commercial circumstances behind the payments. The Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. As such, there is a potential manual and judgmental element in classifying special dividends between revenue and capital.	**We have performed the following procedures:** • We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition, including the classification of special dividends, by performing our walkthrough procedures. • For a sample of dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed amounts to bank statements and where applicable, recalculated dividends in foreign currencies using exchange rates from an independent data vendor. • For a sample of dividends accrued, we reviewed the investee company announcement to assess whether the dividend obligation arose prior to 31 December 2021. • To test completeness of recorded income, we verified that expected dividends for a sample of investee companies held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. To test cut-off, we made reference to the dates on which investments were purchased and sold during the year. • We reviewed pre and post year end bank statements for evidence of income receipts above our testing threshold, to verify that these were recorded in the correct period. • For dividends received and accrued during the period that were above our testing threshold, we reviewed the type of dividends paid with reference to an independent external data source to identify those which were special. • The Administrator's special dividend listing contained 19 special dividends received during the year; 16 classified as revenue (£1.4m) and 3 classified as capital (£1.5m). For a sample of the special dividends, including all those above our testing threshold, we assessed the appropriateness of the director's classification as either revenue or capital by reviewing the rationale for the underlying distribution.

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.

Based on the work performed we had no matters to report to the Audit Committee.

Risk	Our response to the risk
Incorrect valuation or ownership of the quoted investment portfolio (2021: £5,260.0m, 2020: £4,481.6m) Refer to the Audit Committee Report (page 58); Accounting policies (page 73); and Note 10 to the Accounts (page 81) The Company holds a portfolio of quoted investments both in the UK and overseas. The quoted portfolio is managed by the Manager who in turn sub-delegates the role of investment management for a proportion of the portfolio to T. Rowe Price International Ltd and Barrow, Hanley, Mewhinney & Strauss, LLC (together 'the Sub-Managers'). Per the Company's accounting policy, the fair value of investments is the bid value at the close of business on the Balance Sheet date. Certificates of investment ownership are held by JPMorgan Chase Bank (the 'Custodian') and not directly by the Company. JPMorgan Europe Limited (the 'Depositary') has a regulatory obligation to oversee the investment holdings stated by the Administrator and the Custodian. The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, could have a significant impact on the financial statements. In addition, there is a risk of misappropriation of assets and unsecured ownership of the investment portfolio.	**We have performed the following procedures:** **Valuation** • We obtained an understanding of the Manager's and the Administrator's processes and controls surrounding investment pricing by performing our walkthrough procedures and reviewing the Manager's and the Administrator's internal control reports. • For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. • We reviewed the stale pricing report produced by the Administrator as at the year-end date and investigated the trading volume for all investment prices identified as stale in order to assess the validity of the valuation. **Ownership** • We obtained an understanding of the Administrator's, Depositary's and the Custodian's processes and controls for asset recognition by inspecting their internal control reports. • We agreed the independently obtained confirmation from the Custodian and Depositary of all securities held at the period end to the Company's records and corroborated any material variances for items such as unsettled trades.

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incorrect valuation or ownership of the quoted investment portfolio.

Based on the work performed we had no matters to report to the Audit Committee.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £52.8 million (2020: £45.1 million), which is 1% (2020: 1%) of net assets. We believe that net assets is the most appropriate measure as it is the primary measure that investors use to assess the performance of the Company.

During the course of our audit, we reassessed initial materiality and made no changes to the basis of calculation from our original assessment at the planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £39.6m (2020: £33.8m). We have set performance materiality at this percentage based on our understanding of the control environment that indicates a lower risk of material misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £3.3m (2020: £3.0m) being 5% of the net revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £2.6m (2020: £2.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 35;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 36;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 35;
- Directors' statement on fair, balanced and understandable set out on page 60 ;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 32;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and;
- The section describing the work of the Audit Committee set out on page 55.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK Generally Accepted Accounting Practice, Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code, Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the key risks impacting the financial statements. We identified fraud risks with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends between revenue and capital and the incorrect valuation of the unquoted investment portfolio and resulting impact on the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to confirm compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 26 April 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 6 years, covering the years ending 31 December 2016 to 31 December 2021.
- This audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 March 2022

Income Statement

Notes	for the year ended 31 December	Revenue £'000s	Capital £'000s	2021 Total £'000s	Revenue £'000s	Capital £'000s	2020 Total £'000s
10	Gains on investments	–	879,862	879,862	–	475,886	475,886
19,22	Exchange movements on foreign currency loans, cash balances and derivatives	(176)	4,251	4,075	(167)	(1,249)	(1,416)
3	Income	77,629	–	77,629	70,178	–	70,178
4	Management fees	(4,935)	(14,805)	(19,740)	(4,297)	(12,892)	(17,189)
5	Other expenses	(3,500)	(57)	(3,557)	(3,416)	(70)	(3,486)
	Net return before finance costs and taxation	69,018	869,251	938,269	62,298	461,675	523,973
6	Finance costs	(2,778)	(8,335)	(11,113)	(2,349)	(7,049)	(9,398)
	Net return on ordinary activities before taxation	66,240	860,916	927,156	59,949	454,626	514,575
7	Taxation on ordinary activities	(7,740)	(138)	(7,878)	(7,469)	–	(7,469)
8	**Net return attributable to shareholders**	58,500	860,778	919,278	52,480	454,626	507,106
8	**Net return per share – basic (pence)**	10.99	161.74	172.73	9.71	84.09	93.80

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

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

The net return attributable to shareholders is also the total comprehensive income.

The notes on pages 72 to 93 form an integral part of the financial statements.

Statement of Changes in Equity

Notes	for the year ended 31 December 2021	Share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance brought forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560
9	Dividends paid	–	–	–	(65,578)	(65,578)
17	Shares repurchased by the Company and held in treasury	–	–	(84,326)	–	(84,326)
	Net return attributable to shareholders	–	–	860,778	58,500	919,278
	Balance carried forward 31 December 2021	140,455	122,307	4,924,320	93,852	5,280,934

Notes	for the year ended 31 December 2020	Share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance brought forward 31 December 2019	140,455	122,307	3,735,063	111,224	4,109,049
9	Dividends paid	–	–	–	(62,774)	(62,774)
	Shares repurchased by the Company and held in treasury	–	–	(41,821)	–	(41,821)
	Net return attributable to shareholders	–	–	454,626	52,480	507,106
	Balance carried forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560

The notes on pages 72 to 93 form an integral part of the financial statements.

Balance Sheet

Notes	at 31 December	£'000s	2021 £'000s	£'000s	2020 £'000s
	Fixed assets				
10	Investments		**5,779,123**		4,856,368
	Current assets				
12	Debtors	**8,267**		23,675	
22	Cash and cash equivalents	**53,111**		46,654	
		61,378		70,329	
	Creditors: amounts falling due within one year				
13,22	Loans	**(110,452)**		(40,000)	
14	Other	**(9,277)**		(8,521)	
		(119,729)		(48,521)	
	Net current (liabilities)/assets		**(58,351)**		21,808
	Total assets less current liabilities		**5,720,772**		4,878,176
	Creditors: amounts falling due after more than one year				
15,22	Loans	**(439,263)**		(366,041)	
16,22	Debenture	**(575)**		(575)	
			(439,838)		(366,616)
	Net assets		**5,280,934**		4,511,560
	Capital and reserves				
17	Share capital		**140,455**		140,455
18	Capital redemption reserve		**122,307**		122,307
19	Capital reserves		**4,924,320**		4,147,868
19	Revenue reserve		**93,852**		100,930
	Total shareholders' funds		**5,280,934**		4,511,560
20	**Net asset value per share – prior charges at nominal value (pence)**		**1,002.49**		840.69

The notes on pages 72 to 93 form an integral part of the financial statements.

The Financial Statements were approved by the Board on 9 March 2022 and signed on its behalf by

Beatrice Hollond, Director

Statement of Cash Flows

Notes	for the year ended 31 December	2021 £'000s	2020 £'000s
21	**Cash flows from operating activities before dividends received and interest paid**	**(27,576)**	(32,127)
	Dividends received	**77,652**	70,055
	Interest paid	**(11,037)**	(9,429)
	Cash flows from operating activities	**39,039**	28,499
	Investing activities		
	Purchases of investments	**(2,527,995)**	(2,548,873)
	Sales of investments	**2,483,392**	2,681,183
	Other capital charges and credits	**(56)**	(76)
	Cash flows from investing activities	**(44,659)**	132,234
	Cash flows before financing activities	**(5,620)**	160,733
	Financing activities		
9	Equity dividends paid	**(65,578)**	(62,774)
22	Repayment of loans	**(120,000)**	(75,000)
22	Drawdown of loans	**270,000**	40,000
	Cash flows from shares issued from treasury	**–**	1,931
	Cash flows from share buybacks into treasury	**(83,961)**	(41,401)
	Cash flows from financing activities	**461**	(137,244)
22	**Net (decrease)/increase in cash and cash equivalents**	**(5,159)**	23,489
22	Cash and cash equivalents at the beginning of the year	**46,654**	28,196
22	Effect of movement in foreign exchange	**11,616**	(5,031)
	Cash and cash equivalents at the end of the year	**53,111**	46,654
	Represented by:		
	Cash at bank	**27,798**	16,177
	Short-term deposits	**25,313**	30,477
	Cash and cash equivalents at the end of the year	**53,111**	46,654

The notes on pages 72 to 93 form an integral part of the financial statements.

Notes to the Accounts

1. General information

F&C Investment Trust PLC is an Investment Company, incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company Registration number is 12901, and the Registered office is Exchange House, Primrose Street, London EC2A 2NY, England. The Company has conducted its affairs so as to qualify as an Investment Trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements of Section 1158. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments and derivatives.

There have been no significant changes to the Company's accounting policies during the year ended 31 December 2021, as set out in note 2 below.

2. Significant accounting policies

(a) Going concern

As explained on pages 34 and 35 and the Statement of Directors' Responsibilities, the Directors believe that it is appropriate for the accounts to be prepared on a going concern basis.

(b) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments and derivatives at fair value, and in accordance with the Act, Financial Reporting Standard (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the **'SORP'**) issued in April 2021.

The functional and presentational currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

All of the Company's operations are of a continuing nature.

The Company had no operating subsidiaries at any time during the years ended 31 December 2021 and 31 December 2020. Consequently, consolidated accounts have not been prepared.

The Directors are of the opinion that the Company's activities comprise a single operating segment, which is investing internationally in equities to secure long-term growth in income and capital.

In accordance with the SORP, the Income Statement has been analysed between a Revenue Account (dealing with items of a revenue nature) and a Capital Account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income and operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in notes 2(c)(vii) and 2(c)(viii)). Net revenue returns are allocated via the revenue account to the Revenue Reserve, out of which interim and final dividend payments are made. The amounts paid by way of dividend are shown in the Statement of Changes in Equity. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and derivatives and currency profits and losses on cash and borrowings. The Company may distribute net capital returns by way of dividend. It is the Board's current stated intention to continue paying dividends to equity shareholders out of the Revenue Reserve.

(c) Principal accounting policies

The policies set out below have been applied consistently throughout the year ended 31 December 2021 and the prior year.

(i) Financial instruments

Financial instruments include fixed asset investments, derivative assets and liabilities, long-term debt instruments, cash and short-term deposits, debtors and creditors. FRS102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on the AIM Market in the UK.

Level 2 – Quoted prices for similar assets or liabilities or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.

Level 3 – Where no active market exists and recent transactions for identical instruments do not provide a good estimate of fair value, the value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included within this category are investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles, (see notes 10 and 26(d) for further information).

(ii) Fixed asset investments

As an investment trust, the Company measures its fixed asset investments at fair value through profit or loss and treats all transactions on the realisation and revaluation of investments held as fixed assets, as transactions on the Capital Account. Purchases are recognised on the relevant trade date, less expenses which are incidental to the acquisition of the investments. Sales are also recognised on the trade date, after deducting expenses incidental to the sales. Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investment instruments. Where no reliable fair value can be estimated, investments are carried at cost less any provision for impairment.

With respect specifically to investments in Private Equity, whether through funds or partnerships, where year end valuations are not available the Directors rely on unaudited valuations of the underlying unlisted investments as at 30 September as supplied by the investment advisers or managers of those funds or partnerships rolled forward for any calls and distributions in the subsequent quarter and any foreign exchange movements plus significant events which have occurred in the subsequent quarter. The advisers or managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the above policies. Distributions from Private Equity funds are recognised when the right to distributions is established. Direct investments are fair valued on initial recognition and are revalued at the balance sheet date at fair value with reference to a price earnings model. Changes in fair value are recognised in the Income Statement.

(iii) Derivative Instruments

Derivatives including forward exchange contracts, futures and options are classified as fair value through profit or loss and accounted for as financial assets or liabilities. Where it can be demonstrated that the derivative is connected to the maintenance of the Company's investments, the change in fair value is recognised as capital and shown in the Capital column of the Income Statement. Where an option is written in the expectation that it will not be exercised, or that any losses on exercise will be outweighed by the value of the premiums received, the premiums are recognised in the Revenue column of the Income Statement. The value of the premium is usually the option's initial fair value and is recognised evenly over the life of the option. Subsequent changes to fair value are adjusted in the Capital column of the Income Statement such that the total amounts recognised within Revenue and Capital represent the change in fair value of the option.

2. Significant accounting policies (continued)

(iv) Debt Instruments

The Company's debt instruments include the 4.25% perpetual debenture stock included in the Balance Sheet at proceeds received, net of issue costs, as well as unsecured loan notes, bank borrowings and overdrafts. These are all initially measured at the amount of cash received less direct issue costs and subsequently measured at amortised cost using the effective interest rate method. No debt instruments held during the year required hierarchical classification.

The fair market value of the bank borrowings, the unsecured loan notes and perpetual debenture stock are set out in notes 13, 15 and 16 to the accounts respectively. Finance charges, including interest, are accrued using the effective interest rate method. See 2(c)(vii) below for allocation of finance charges within the Income Statement.

(v) Foreign currency

Foreign currency monetary assets and liabilities are expressed in sterling at rates of exchange ruling at the Balance Sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions. Exchange profits and losses on fixed assets investments are included within the changes in fair value in the Capital Account. Exchange profits and losses on other currency balances are separately credited or charged to the Capital Account except where they relate to revenue items.

(vi) Income

Income from equity shares is brought into the Revenue Account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the Capital Account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment. Dividends are accounted for on the basis of income actually receivable, without adjustment for any tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the Capital Account. Rebates on investee funds management fees are accounted for on a receipts basis.

(vii) Expenses, including finance charges

Expenses inclusive of associated value added tax (VAT) are charged to the Revenue Account of the Income Statement, except as noted below:

– expenses incidental to the acquisition or disposal of fixed asset investments are charged to Capital Reserves via the Capital Account;

– costs of professional advice relating to the capital structure of the Company are charged to Capital Reserves (see note 2(c)(xi));

– 100% of management fees, invoiced to the Company in respect of certain Private Equity investments, are allocated to Capital Reserves, via the Capital Account, in accordance with the Board's long-term expected split of returns from those investments;

– 75% of other management fees and finance costs are allocated to Capital Reserves via the Capital Account, in accordance with the Board's long-term expected split of returns from the investment portfolio (excluding certain Private Equity investments) of the Company.

All expenses are accounted for on an accruals basis.

(viii) Taxation

Taxation currently payable is calculated using tax rules and rates in force at the year end, based on taxable profit for the period which differs from the net return before tax. Note 7(b) sets out those items which are not subject to UK Corporation Tax.

Deferred tax is provided for in accordance with FRS102 on all timing differences that have been enacted by the Balance Sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the Revenue Account, then no tax relief is transferred to the Capital Account.

(ix) Dividends payable

Dividends are included in the financial statements on the date on which they are paid or, in the case of final dividends, when they are approved by shareholders.

(x) Capital Redemption Reserve

This is a non-distributable reserve. The nominal value of ordinary share capital repurchased for cancellation is transferred out of Share Capital and into the Capital Redemption Reserve, on a trade date basis. Where shares are repurchased into treasury, the transfer of nominal value to the Capital Redemption Reserve is made if and when the shares are cancelled.

(xi) Capital Reserves

These are distributable reserves which may be utilised for the repurchase of share capital and for distributions to shareholders by way of dividend.

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposal of fixed asset investments and derivatives;
- realised exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- costs of repurchasing ordinary share capital into treasury or for cancellation, including related stamp duty, are recognised on a trade date basis.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed asset investments and derivatives held at the year end; and
- unrealised exchange differences of a capital nature.

(xii) Revenue reserve

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

(xiii) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

2. Significant accounting policies (continued)

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: accounting for the value of unquoted investments; and recognising and classifying unusual or special dividends received as either revenue or capital in nature.
The policy for valuation of unquoted securities is set out in note 2(c)(ii) and further information on Board procedures is contained in the Report of the Audit Committee and note 26(d). The choice to only apply cash flows in the roll forward is a judgment made each year for the indirect investments. Material judgments were applied to the valuation of the Company's direct investment, Inflexion Strategic Partners. This investment was valued using an earnings method multiplied by a comparable quoted company multiple (where the judgement of which comparable companies to select and what discounts to apply are subjective). This resulted in an uplift of £12.4m. The fair value of unquoted (Level 3) investments, as disclosed in note 10 to the accounts, represented 9.0% of total investments at 31 December 2021. In the opinion of the Directors, under foreseeable market conditions the collective value of such investments may rise or fall in the short term by more than 25%. A fall of 25% in the value of the unlisted (Level 3) portfolio at the year-end would equate to £130m or 2.5% of net assets and a similar percentage rise should be construed accordingly.

We have considered the impact of climate change on the value of both the listed and private equity investments included in the Report and Accounts. The listed investments should already include the impact in their prices as quoted on the relevant exchange and consistent with that view, we do not believe the impact on the private equity investments would be material.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Account. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Account. Investee company dividends which appear to be paid in excess of current year profits will still be considered as revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature, as disclosed in note 19, was not material in relation to capital reserves or the revenue account. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies and funds without prior reference to the Company.

3. Income

	2021 £'000s	2020 £'000s
Income from investments:		
UK dividends	**8,059**	6,876
Overseas dividends	**69,559**	63,181
	77,618	70,057
Other Income:		
Rebates relating to investee funds management fees	**–**	6
Interest on cash and short-term deposits	**7**	79
Other Income	**4**	36
	11	121
Total income	**77,629**	70,178

Included within income from investments is £1,425,000 (2020: £1,248,000) of special dividends, all of which were classified as revenue in nature in accordance with note 2(c)(xiii).

4. Management fees

		2021 £'000s	2020 £'000s
Payable directly to BMO GAM:			
– in respect of management services provided by the Manager	(i)	**14,760**	12,631
– reimbursement in respect of services provided by sub-managers	(i)	**4,980**	4,558
Total directly incurred management fees		**19,740**	17,189
Incurred indirectly within funds managed by Private Equity managers	(ii)	**3,082**	2,971
Total direct and indirect management fees		**22,822**	20,160

(i) 75% of these fees are allocated to capital reserve arising on investments sold (see below). See note 2(c)(vii).
(ii) Indirectly incurred fees included within the value of the respective funds.

Directly incurred fees are analysed as follows:

Management fees	2021 £'000s	2020 £'000s
– payable directly to BMO GAM	**19,740**	17,189
Less: allocated to capital reserves (see note 19)	**(14,805)**	(12,892)
Allocated to revenue account	**4,935**	4,297

(a) Management fees payable to BMO GAM

The Manager provides investment management, company secretarial, financial, marketing and general administrative services to the Company under the terms of an agreement which may be terminated upon six months' notice given by either party. In the event of a change of control of the Manager, the Company may give three months' notice of termination.

The Manager's remuneration is based on a fee 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 on a pro rata basis (2020: same); the fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager or other members of the BMO Group. Variable fees payable in respect of third-party sub-managers are also reimbursed.

(b) Management fees payable to the Private Equity managers

At 31 December 2021 the Company had outstanding commitments in 39 Private Equity funds (2020: 39) (see note 23). Fees in respect of Private Equity funds are based on capital commitments and are charged quarterly against the underlying investments in those funds. The fees are not directly incurred by the Company and are disclosed for information purposes only. The fee rates applying during 2021 varied from 0.10% per annum to 2.50% per annum (2020: 0.10% to 2.50%).

PE Investment Holdings 2018 LP pays an annual fee of £1,000 to the General Partner. This is not directly incurred by the Company but included in the underlying value of the investment.

5. Other expenses

	2021 £'000s	2020 £'000s
Other revenue expenses		
Auditors' remuneration:		
for audit and audit-related assurance services[1]	140	130
Custody fees	523	464
Depositary fees	207	180
Directors' emoluments (see Remuneration Report on pages 52 to 54):		
Fees for services to the Company	385	381
Subscriptions	21	21
Directors' and officers' liability insurance	45	39
Marketing	1,083	1,111
Loan commitment and arrangement fees[2]	243	257
Registrars fees	133	132
Professional charges	271	189
Printing and postage	138	243
Sundry	311	269
Total other revenue expenses	3,500	3,416
Other capital expenses	57	70
Total other expenses	3,557	3,486

All expenses are stated gross of irrecoverable VAT, where applicable.

(1) Total auditors' remuneration for audit services, exclusive of VAT, amounted to £134,000, of which £5,000 relates to prior year (2020: £128,000 exclusive of VAT, of which £8,000 related to the prior year). Irrecoverable VAT of £6,000 (2020: £2,000) is included within the table above. There were no non-audit services paid to EY in the year (2020: none).

(2) Under loan facility agreements (see note 13) the Company pays commitment fees on any undrawn portions of the facilities.

6. Finance costs

	2021 £'000s	2020 £'000s
Debenture stock	24	24
Loans	10,845	9,228
Overdrafts	244	146
	11,113	9,398
Less: allocated to capital reserves (see note 2(c)(vii) and note 19)	(8,335)	(7,049)
	2,778	2,349
The interest on the debenture stock, loans and overdrafts is further analysed as follows:		
Loans and overdrafts repayable within one year, not by instalments (see note 13)	1,669	459
Debenture and loans repayable after more than one year, not by instalments (see notes 15 and 16)	9,444	8,939
	11,113	9,398

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

	Revenue £'000s	Capital £'000s	2021 Total £'000s	Revenue £'000s	Capital £'000s	2020 Total £'000s
Overseas taxation	7,740	–	7,740	7,469	–	7,469
Indian tax on capital gains	–	138	138	–	–	–
Total taxation (see note 7(b))	7,740	138	7,878	7,469	–	7,469

The tax assessed for the year is lower (2020: lower) than the standard rate of Corporation Tax in the UK.

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	Capital £'000s	2021 Total £'000s	Revenue £'000s	Capital £'000s	2020 Total £'000s
Net return on ordinary activities before taxation	66,240	860,916	927,156	59,949	454,626	514,575
Net return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: same)	12,586	163,574	176,160	11,390	86,379	97,769
Effects of:						
Dividends(1)	(14,747)	–	(14,747)	(13,311)	–	(13,311)
Exchange losses(1)	33	–	33	32	–	32
Capital returns(1)	–	(167,981)	(167,981)	–	(90,181)	(90,181)
Expenses not deductible for tax purposes	100	11	111	103	13	116
Expenses not utilised in the year	2,028	4,396	6,424	1,786	3,789	5,575
Overseas tax in excess of double taxation relief	7,740	–	7,740	7,469	–	7,469
Indian tax on capital gains(2)	–	138	138	–	–	–
Total taxation (see note 7(a))	7,740	138	7,878	7,469	–	7,469

(1) These items are not subject to Corporation Tax within an investment trust company.

(2) The Company is liable to taxation in India on gains realised on the sale of securities within 12 months of purchase. The tax is allocated to Capital Reserve as it relates to capital transactions.

The Company has an unrecognised deferred tax asset of £84.2 million (2020: £77.6 million) in respect of unutilised expenses at 31 December 2021 which has not been recognised in the financial statements as it is unlikely to be utilised in the foreseeable future. Of this amount £30.4 million (2020: £28.4 million) relates to revenue expenses and £53.8 million (2020: £49.2 million) to capital expenses.

8. Net return per share

	2021 pence	2021 £'000s	2020 pence	2020 £'000s
Total return	172.73	919,278	93.80	507,106
Revenue return	10.99	58,500	9.71	52,480
Capital return	161.74	860,778	84.09	454,626
Weighted average ordinary shares in issue, excluding shares held in treasury – number		532,196,543		540,641,336

9. Dividends

Dividends on ordinary shares	Register date	Payment date	2021 £'000s	2020 £'000s
2019 Third interim of 2.90p	3-Jan-2020	31-Jan-2020	–	15,736
2019 Final of 2.90p	17-Apr-2020	13-May-2020	–	15,725
2020 First interim of 2.90p	17-Jul-2020	3-Aug-2020	–	15,707
2020 Second interim of 2.90p	9-Oct-2020	2-Nov-2020	–	15,606
2020 Third interim of 2.90p	3-Jan-2021	1-Feb-2021	**15,563**	–
2020 Final of 3.40p	16-Apr-2021	13-May-2021	**18,146**	–
2021 First interim of 3.00p	16-Jul-2021	2-Aug-2021	**15,967**	–
2021 Second interim of 3.00p	8-Oct-2021	1-Nov-2021	**15,902**	–
			65,578	62,774

A third interim dividend of 3.00p was paid on 1 February 2022 to all shareholders on the register on 7 January 2022.

The Directors have proposed a final dividend in respect of the year ended 31 December 2021 of 3.80p payable on 10 May 2022 to all shareholders on the register at close of business on 8 April 2022. The total dividends paid and payable in respect of the financial year for the purposes of the income retention test for Section 1159 of the Corporation Tax Act 2010 are set out below.

	2021 £'000s	2020 £'000s
Revenue available for distribution by way of dividends for the year	**58,500**	52,480
First interim dividend for the year ended 31 December 2021 – 3.00p per share (2020: 2.90p)	**(15,967)**	(15,707)
Second interim dividend for the year ended 31 December 2021 – 3.00p per share (2020: 2.90p)	**(15,902)**	(15,606)
Third interim dividend for the year ended 31 December 2021 – 3.00p per share (2020: 2.90p)	**(15,803)**	(15,563)
Proposed final dividend for the year ended 31 December 2021 – 3.80p per share (2020: 3.40p)	**(19,986)**	(18,207)
(estimated cost based on 525,937,297 shares in issue at 4 March 2022, excluding shares held in treasury)		
Estimated amount transferred from revenue reserve for Section 1159 purposes[1]	**(9,158)**	(12,603)

All dividends are paid from revenue.

[1] Represents minus 12% of total income as stated in note 3 (2020: -18.0%)

The table below reflects the revenue reserve after adjusting for the third interim and final dividends for the years to 31 December 2021 and 31 December 2020.

	2021 £'000s	2020 £'000s
Revenue reserve at 31 December (per Balance Sheet)	**93,852**	100,930
Third interim dividend for the year ended 31 December 2021 – 3.00p per share (2020: 2.90p)	**(15,803)**	(15,563)
Proposed final dividend for the year ended 31 December 2021 – 3.80p per share (2020: 3.40p)	**(19,986)**	(18,146)
Adjusted revenue reserve at 31 December	**58,063**	67,221

10. Investments and derivative financial instruments

Investments	Level 1[1] £'000s	Level 3[1] £'000s	2021 Total £'000s	Level 1[1] £'000s	Level 3[1] £'000s	2020 Total £'000s
Cost at 1 January	**3,294,199**	**398,619**	**3,692,818**	3,236,297	360,537	3,596,834
Unrealised gains/(losses) at 1 January	**1,187,434**	**(23,884)**	**1,163,550**	949,956	(34,469)	915,487
Fair value of investments at 1 January	**4,481,633**	**374,735**	**4,856,368**	4,186,253	326,068	4,512,321
Purchases at cost	**2,437,570**	**85,979**	**2,523,549**	2,493,782	47,229	2,541,011
Sales proceeds	**(2,405,486)**	**(75,170)**	**(2,480,656)**	(2,635,686)	(37,164)	(2,672,850)
Gains on investments sold	**602,873**	**32,925**	**635,798**	199,806	28,017	227,823
Gains on investments held	**143,361**	**100,703**	**244,064**	237,478	10,585	248,063
Fair value of investments at 31 December	**5,259,951**	**519,172**	**5,779,123**	4,481,633	374,735	4,856,368
Analysed at 31 December						
Cost	**3,929,156**	**442,353**	**4,371,509**	3,294,199	398,619	3,692,818
Unrealised gains/(losses)	**1,330,795**	**76,819**	**1,407,614**	1,187,434	(23,884)	1,163,550
Fair value of investments at 31 December	**5,259,951**	**519,172**	**5,779,123**	4,481,633	374,735	4,856,368

Gains on investments held at fair value	2021 £'000s	2020 £'000s
Gains on investments sold during the year	**635,798**	227,823
Gains on investments held at year end	**244,064**	248,063
Total gains on investments	**879,862**	475,886

Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gain or loss was included in the fair value of investments.
(1) The hierarchy of investments is described in note 2(c)(i) and below.
No investments held in 2021 or 2020 were valued in accordance with Level 2.
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 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.

Investments managed or advised by BMO GAM

The portfolio of investments, excluding unquoted investments, did not include at any time during the year any funds or investments managed or advised by BMO GAM (2020: none). Under the terms of the Company's Management Agreement with the Manager set out in note 4, the management fee is adjusted for fees earned by the Manager on all such holdings.

Unquoted investments

Unquoted investments include £518.9 million (2020: £374.4 million) of investments described as Private Equity, together with £0.3 million (2020: £0.3 million) of other partnerships, the underlying portfolios of which principally comprise unlisted investments. These are valued in accordance with the policies set out in note 2(c)(ii).

It is in the nature of Private Equity and similar unquoted investments that they may be loss making, with no certainty of survival, and that they may prove difficult to realise. The concept of "fair value" as applied to such investments is not precise and their ultimate realisation may be at a value materially different from that reflected in the accounts. Further details on the valuation process in respect of Private Equity investments can be found in note 26(d).

Derivative instruments

Derivative instruments included forward exchange contracts with a net unrealised capital loss of £4,806,000 (2020: net unrealised capital gain of £9,061,000) which were valued in accordance with level 2. See notes 2(c)(i),12,14 and 26(c).

11. Substantial interests

At 31 December 2021 the Company held more than 3% of one class of the capital of the following undertakings held as investments, none of which, in the opinion of the Directors, provide the Company with significant influence.

Investment and share class	Country of registration, incorporation and operation	Holding(1) %
Private Equity Funds		
Dover Street VI LP	USA	11.12
HarbourVest Partners VII – Buyout Partnership Fund LP	USA	3.86
HIPEP V – Direct Fund LP	USA	15.66
HarbourVest Partners V – Asia Pacific and Rest of World LP	USA	4.74
HIPEP VI – Emerging Markets Fund	USA	12.06
HIPEP VI – Asia Pacific Fund LP	USA	4.93
Pantheon Europe Fund III LP	USA	44.41
Pantheon Europe Fund V LP	Scotland	9.29
Pantheon Asia Fund IV LP	Channel Islands	8.40
Pantheon Asia Fund V LP	Channel Islands	6.19
Pantheon Global Secondary Fund III LP	Scotland	3.50
Graycliff	USA	4.78
Volpi Capital	Europe	4.28
Maison Capital	China	4.84
MVM	USA/Europe	4.10
PE Investment Holdings 2018 LP*	Scotland	100.00
Other Investments		
Esprit Capital Fund 1 LP	England	10.80

(1) The Company neither has a controlling interest nor significant influence in the management of any of these undertakings.
The valuation of those holdings greater than 10% are: Dover Street VI LP: £166,000; HIPEP V – Direct Fund LP: £2,524,000; HIPEP VI – Emerging Markets Fund: £20,901,000; Pantheon Europe Fund III LP: £3,883,000; PE Investment Holdings 2018 LP: £184,282,000; Esprit Capital Fund 1 LP: £305,000

The Company had no subsidiaries at any time during the year.

*In 2018 the Company signed a Limited Partnership agreement in which it holds 100% of the Limited Partner share in PE Investment Holdings 2018 LP and BMO GAM holds the General Partner interest. The Partnership was set up to partake in Private Equity investments. The Board of FCIT have no participation in the investment decision making process as this lies solely with the General Partner and therefore no consolidated financial statements are prepared. The registered address of PE Investment Holdings 2018 LP is 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

The profit for the year ended 31 December 2021 in the LP was £35.4m and the Capital and Reserves was £184.6m.

The outstanding commitment is shown in note 23.

12. Debtors

	2021 £'000s	2020 £'000s
Investment debtors	**420**	3,156
Forward exchange contracts	**–**	9,061
Prepayments and accrued income	**3,761**	3,882
Overseas taxation recoverable	**4,086**	7,576
	8,267	23,675

13. Creditors: amounts falling due within one year

Loans Non-instalment debt payable on demand or within one year	2021 £'000s	2020 £'000s
€72 million repayable July 2022	60,452	–
Sterling loan £50 million repayable January 2022	50,000	–
Sterling loan £40 million repayable January 2021	–	40,000
	110,452	40,000

In July 2015 the Company entered into a loan arrangement facility drawing loans in Euros, equivalent at that date to £50 million, at commercial fixed interest rates. This expires and will be repaid in July 2022. Early redemption penalties apply. At 31 December 2021 there was £50 million drawn down under the unsecured revolving credit facility. The facility, which was renewed in September 2021, was increased from £100 million to £150 million with the option to extend the commitment by a further £100 million. This expires in September 2022. Interest rate margins on the amounts drawn down are dependent upon commercial terms agreed with each bank. Commitment fees are payable on undrawn amounts at commercial rates.

The total market value of the short-term loans at 31 December 2021 was £110,832,000 based on the equivalent benchmark gilts or relevant commercially available current debt (2020: £40,000,000).

14. Creditors: amounts falling due within one year

Other	2021 £'000s	2020 £'000s
Investment creditors	42	4,487
Forward exchange contracts	4,806	–
Management fees payable to the Manager	2,241	2,210
Cost of ordinary shares repurchased	784	420
Other accrued expenses	1,404	1,404
	9,277	8,521

15. Creditors: amounts falling due after more than one year

Loans Non-instalment debt payable after more than one year	2021 £'000s	2020 £'000s
€72 million repayable July 2022	–	64,447
2.80% Loan notes £25 million repayable June 2028	25,000	25,000
3.16% Loan notes £50 million repayable June 2031	50,000	50,000
2.92% Loan notes £75 million repayable May 2048	75,000	75,000
0.93% Loan notes €42 million repayable June 2026	35,263	37,594
2.59% Loan notes £57 million repayable June 2042	57,000	57,000
2.69% Loan notes £37 million repayable June 2049	37,000	37,000
2.72% Loan notes £20 million repayable June 2059	20,000	20,000
2.09% Loan notes £50 million repayable June 2036	50,000	–
2.15% Loan notes £50 million repayable June 2038	50,000	–
2.33% Loan notes £40 million repayable June 2056	40,000	–
	439,263	366,041

In June 2016 the Company issued fixed rate senior unsecured notes in tranches of £25 million and £50 million sterling denominated loan notes expiring in June 2028 and June 2031 respectively. In May 2018 the Company issued fixed rate senior unsecured notes of £75 million sterling denominated loan notes expiring in May 2048. 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. In June 2021 the Company issued fixed rate senior unsecured notes in tranches of £50 million, £50 million and £40 million expiring in June 2036, June 2038 and June 2056 respectively. Interest rates applying to the notes are commercially competitive and fixed until the expiry dates.

The market value of the long-term loans at 31 December 2021 was £458,896,000 based on the equivalent benchmark gilts or relevant commercially available current debt (2020: £414,049,000).

In December 2021 the Company agreed to issue fixed rate senior unsecured notes in tranches of (i) 2037, £50m principal, at a coupon of 2.06%, (ii) 2056, £45m principal, at a coupon of 1.96%, and (iii) 2061, £45m principal, at a coupon of 1.87%, (the 'Notes'). The funding date for the Notes was 1 March 2022.

At 4 March 2022, long-term borrowings comprised £544 million loan notes and €42 million loan notes (£578.7 million).

16. Creditors: amounts falling due after more than one year

Debenture	2021 £'000s	2020 £'000s
4.25% perpetual debenture stock – secured	**575**	575

The 4.25% perpetual debenture stock, which was issued in 1960, is listed on the London Stock Exchange and secured by floating charges over the assets of the Company. The market value of the debenture stock at 31 December 2021 was £429,000 (31 December 2020: £429,000).

17. Share capital

2021	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid nominal £'000s
Ordinary shares of 25p each				
Balance brought forward	**25,172,380**	**536,646,636**	**561,819,016**	**140,455**
Shares repurchased by the Company and held in treasury	**9,863,496**	**(9,863,496)**	**–**	**–**
Balance carried forward	**35,035,876**	**526,783,140**	**561,819,016**	**140,455**

2020	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid Nominal £'000s
Ordinary shares of 25p each				
Balance brought forward	19,197,772	542,621,244	561,819,016	140,455
Shares repurchased by the Company and held in treasury	5,974,608	(5,974,608)	–	–
Balance carried forward	25,172,380	536,646,636	561,819,016	140,455

During the year the Company bought back 9,863,496 ordinary shares at a total cost of £84,326,000, all of which were placed in treasury.

Since the year end, and up to 4 March 2022, 845,843 ordinary shares of 25p each have been repurchased and held in treasury.

18. Capital redemption reserve

	2021 £'000s	2020 £'000s
Balance brought forward and carried forward	**122,307**	122,307

19. Other reserves

	Capital reserve arising on investments sold £'000s	Capital reserve arising on investments held £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Gains and losses transferred in current year:				
Gains on investments and derivatives sold (see note 10)	635,798	–	635,798	–
Gains on investments held at year end (see note 10)	–	244,064	244,064	–
Exchange movements on foreign currency loans, cash balances and derivatives	7,375	(3,124)	4,251	–
Management fees (see note 4)	(14,805)	–	(14,805)	–
Finance costs (see note 6)	(8,335)	–	(8,335)	–
Other capital charges (see note 5)	(57)	–	(57)	–
Indian capital gains tax (see note 7)	(138)	–	(138)	–
Net revenue return attributable to shareholders	–	–	–	58,500
Total gains and losses transferred in current year	619,838	240,940	860,778	58,500
Cost of ordinary shares repurchased in year (see note 17)	(84,326)	–	(84,326)	–
Dividends paid in year (see note 9)	–	–	–	(65,578)
Balance brought forward	2,983,881	1,163,987	4,147,868	100,930
Balance carried forward	3,519,393	1,404,927	4,924,320	93,852

Included within the capital reserve movement for the year is £1,526,000 (2020: £25,000) of dividend receipts recognised as capital in nature in accordance with note 2(c)(xiii). £1,343,000 of transaction costs on purchases of investments are included within the capital reserve movements disclosed above (2020: £1,717,000). £782,000 of transaction costs on sales of investments are similarly included (2020: £1,020,000).

20. Net asset value per ordinary share

	2021	2020
Net asset value per share – pence	1,002.49	840.69
Net assets attributable at end of period – £'000s	5,280,934	4,511,560
Ordinary shares of 25p in issue at end of year, excluding shares held in treasury – number	526,783,140	536,646,636

Net asset value per share (with the debenture stock and loans at market value – see notes 13, 15 and 16) was 998.72p (31 December 2020: 831.78p).

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

	2021 £'000s	2020 £'000s
Net return on ordinary activities before taxation	**927,156**	514,575
Adjust for non-cash flow items, dividend income and interest expense:		
Gains on investments	**(879,862)**	(475,886)
Exchange (profits)/losses	**(4,075)**	1,416
Non-operating expenses of a capital nature	**57**	70
Decrease/(increase) in debtors	**60**	(32)
(Decrease)/increase in creditors	**(61)**	139
Dividends receivable	**(77,618)**	(70,057)
Interest payable	**11,113**	9,398
Tax on overseas income	**(4,346)**	(11,750)
	(954,732)	(546,702)
Cash flows from operating activities (before dividends received and interest paid)	**(27,576)**	(32,127)

22. Analysis of changes in net debt

	Cash £'000s	Short-term loans £'000s	Long-term loans £'000s	Debenture £'000s	Forward foreign exchange £'000s	Total £'000s
Opening net debt as at 31 December 2020	**46,654**	**(40,000)**	**(366,041)**	**(575)**	**9,061**	**(350,901)**
Cash-flows:						
Drawdown of loans	–	**(130,000)**	**(140,000)**	–	–	**(270,000)**
Repayment of loans	–	**120,000**	–	–	–	**120,000**
Transfer of loan from long term to short term	–	**(61,407)**	**61,407**	–	–	–
Net movement in cash and cash equivalents	**(5,159)**	–	–	–	–	**(5,159)**
Non-cash:						
Effect of Foreign Exchange movements	**11,616**	**955**	**5,371**	–	**(13,867)**	**4,075**
Closing net debt as at 31 December 2021	**53,111**	**(110,452)**	**(439,263)**	**(575)**	**(4,806)**	**(501,985)**

	Cash £'000s	Short term loans £'000s	Long term loans £'000s	Debenture £'000s	Forward foreign exchange £'000s	Total £'000s
Opening net debt as at 31 December 2019	28,196	(75,000)	(360,595)	(575)	–	(407,974)
Cash-flows:						
Drawdown of loans	–	(40,000)	–	–	–	(40,000)
Repayment of loans	–	75,000	–	–	–	75,000
Net movement in cash and cash equivalents	23,489	–	–	–	–	23,489
Non-cash:						
Effect of Foreign Exchange movements	(5,031)	–	(5,446)	–	9,061	(1,416)
Closing net debt as at 31 December 2020	46,654	(40,000)	(366,041)	(575)	9,061	(350,901)

23. Capital commitments

The Company had the following outstanding capital commitments at the year end:

	2021 Currency	2020 Currency	2021 £'000s	2020 £'000s
Managed by HarbourVest:				
HarbourVest Partners VII:				
– Buyout Partnership Fund LP	US$4.3m	US$4.3m	3,167	3,138
– Venture Partnership Fund LP	US$0.5m	US$0.5m	388	384
– Mezzanine Fund LP	US$0.7m	US$0.7m	532	527
Dover Street VI LP	US$3.1m	US$3.1m	2,294	2,273
Dover Street VII LP	US$3.2m	US$3.2m	2,353	2,332
HarbourVest Partners V – Asia Pacific and Rest of World LP	US$1.5m	US$1.5m	1,107	1,097
HarbourVest Partners VIII:				
– Buyout Partnership Fund LP	US$1.8m	US$1.8m	1,329	1,317
– Venture Partnership Fund LP	US$0.8m	US$0.8m	591	585
HIPEP V – Direct Fund LP	€2.1m	€2.1m	1,732	1,846
HIPEP VI – Asia Pacific Fund LP	US$1.3m	US$1.3m	923	914
Managed by Pantheon:				
Pantheon Europe Fund III LP	€5.4m	€5.4m	4,500	4,798
Pantheon Europe Fund V LP	€5.3m	€5.3m	4,450	4,744
Pantheon Asia Fund IV LP	US$2.7m	US$2.7m	1,956	1,937
Pantheon Asia Fund V LP	US$3.7m	US$3.9m	2,713	2,871
Pantheon Global Secondary Fund III LP	US$2.4m	US$2.4m	1,809	1,792
Pantheon Access SICAV	US$113.3m	US$180.0m	83,658	131,680
Selected by BMO GAM:				
Esprit Capital Fund I LP	£0.27m	£0.27m	265	265
Astorg VI[(1)]	€1.1m	€1.1m	940	1,003
Inflexion Supplemental IV[(1)]	£0.1m	£0.1m	61	117
August Equity IV[(1)]	£0.5m	£1.2m	469	1,175
DBAG Fund VII[(1)]	€0.4m	€1.0m	304	862
DBAG Fund VII B[(1)]	€0.0m	€0.3m	–	273
Procuritas VI[(1)]	€2.3m	€3.9m	1,968	3,524
Warburg Pincus China Fund[(1)]	US$0.0m	US$0.2m	12	158
Stellex Capital[(1)]	US$0.0m	US$0.3m	8	249
Centana[(1)]	US$0.5m	US$0.6m	377	469
Graycliff[(1)]	US$1.3m	US$1.3m	946	938
Volpi Capital[(1)]	€0.1m	€0.3m	87	219
MidOcean[(1)]	US$1.2m	US$4.4m	854	3,227
Maison Capital[(1)]	US$0.6m	US$2.4m	473	1,770
Inflexion Partnership Capital II[(1)]	£1.8m	£2.8m	1,806	2,811
Inflexion Buyout Fund V[(1)]	£0.7m	£2.0m	696	2,014
PE Investment Holdings 2018 LP[(1)]	£29.1m	£43.0m	29,118	43,018
Verdane Edda[(1)]	SEK 15.1m	SEK 25.1m	1,230	2,237
MVM[(1)]	US$7.7m	US$10.4m	5,696	7,629
Inflexion Supplemental V[(1)]	£4.0m	£6.5m	4,020	6,464
Graycliff IV[(1)]	US$6.6m	US$9.5m	4,864	6,925
Centana II[(1)]	US$4.1m	US$5.0m	3,063	3,636
MED Platform[(1)]	€1.9m	€6.6m	1,589	5,876
Inflexion Buyout Fund VI[(1)]	£15.0m	–	15,000	–
			187,348	257,094

(1) BMO GAM is responsible for the selection and oversight of these funds, within the terms of its management agreement with the Company.

24. Related party transactions

The following are considered related parties: the Board of Directors and the Manager (including fellow members of BMO and, since its acquisition, Ameriprise and Columbia Threadneedle).

There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Remuneration Report on page 52 and as set out in note 5. There were no outstanding balances with the Board at the year end. There were no transactions with the BMO group other than those detailed: in note 4 on management fees; in note 10, where investments managed or advised by BMO GAM are disclosed; in note 14 in relation to fees owed to the Manager at the Balance Sheet date; and in the Report of the Management Engagement Committee on page 50 regarding the Management agreement in respect of Private Equity fees and a trademark licence agreements in respect of the "F&C" name.

25. Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, strategy and investment policy, the current cash position of the Company, the availability of the loan facility and compliance with its covenants and the operational resilience of the Company and its service providers. More information on the Board's assessment is provided on pages 34 and 35.

26. Financial Risk Management

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the UK as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of investments.

The Company's 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. In pursuing the objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board of Directors, together with the Manager, is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) on the following pages.

The significant accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 to the accounts. The policies are in compliance with UK Accounting Standards and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) on page 93 and in notes 13, 15 and 16 in respect of loans and the perpetual debenture stock. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities, including any derivatives, held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies, interest rates and other macroeconomic, market and financial issues, including the market perception of future risks. The Board's policies for managing these risks within the Company's objective are set out on page 9. The Board meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in foreign exchange rates. The debenture deed and loan contracts are agreed and signed by the Board and compliance with the agreements is monitored by the Board at each meeting. Gearing may be short or long-term in sterling and foreign currencies, and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

Currency Exposure

The carrying value of the Company's assets and liabilities at 31 December, by currency, are shown below:

2021	Short-term debtors £'000s	Cash and deposits £'000s	Debentures £'000s	Unsecured loans £'000s	Short-term creditors* £'000s	Net monetary assets / (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	643	30,576	(575)	(454,000)	(3,292)	(426,648)	600,273	173,625
US Dollar	3,514	17,490	–	–	(5,757)	15,247	3,452,574	3,467,821
Euro	2,355	1,600	–	(95,715)	(186)	(91,946)	527,843	435,897
Yen	611	2,845	–	–	(42)	3,414	401,020	404,434
Other	1,144	600	–	–	–	1,744	797,413	799,157
Total	8,267	53,111	(575)	(549,715)	(9,277)	(498,189)	5,779,123	5,280,934

* The net unrealised loss of £4.8m in relation to the forward exchange contracts has been included under short term creditors.

2020	Short-term debtors* £'000s	Cash and deposits £'000s	Debentures £'000s	Unsecured loans £'000s	Short-term creditors £'000s	Net monetary assets / (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	715	21,988	(575)	(304,000)	(2,822)	(284,694)	525,944	241,250
US Dollar	18,794	17,833	–	–	(3,966)	32,661	2,809,469	2,842,130
Euro	1,672	5,515	–	(102,041)	(1,259)	(96,113)	506,622	410,509
Yen	603	1,275	–	–	(158)	1,720	348,682	350,402
Other	1,891	43	–	–	(316)	1,618	665,651	667,269
Total	23,675	46,654	(575)	(406,041)	(8,521)	(344,808)	4,856,368	4,511,560

* The net unrealised gain of £9.1m in relation to the £300m forward exchange contracts has been included under short term debtors.

The principal currencies to which the Company was exposed were the US Dollar, Euro and Yen. The exchange rates applying against sterling at 31 December, and the average rates during the year, were as follows:

	2021	Average	2020
US Dollar	1.3545	1.3745	1.3669
Euro	1.1910	1.1618	1.1117
Yen	155.9717	151.0153	141.1307

26. Financial Risk Management (continued)

Based on the financial assets and liabilities held adjusted for the underlying gross exposure value of the forward exchange contracts against USD, and exchange rates applying at each Balance Sheet date, a weakening or strengthening of sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on NAV per share:

Weakening of sterling	US$ £'000s	€ £'000s	2021 ¥ £'000s	US$ £'000s	€ £'000s	2020 ¥ £'000s
Income Statement Return after tax						
Revenue return	3,119	874	656	2,262	737	603
Capital return	327,859	43,590	40,443	254,213	41,051	35,040
Total return	330,978	44,464	41,099	256,475	41,788	35,643
NAV per share – pence	62.83	8.44	7.80	47.79	7.79	6.64

Strengthening of sterling	US$ £'000s	€ £'000s	2021 ¥ £'000s	US$ £'000s	€ £'000s	2020 ¥ £'000s
Income statement return after tax						
Revenue return	(3,119)	(874)	(656)	(2,262)	(737)	(603)
Capital return	(327,859)	(43,590)	(40,443)	(254,213)	(41,051)	(35,040)
Total return	(330,978)	(44,464)	(41,099)	(256,475)	(41,788)	(35,643)
NAV per share – pence	(62.83)	(8.44)	(7.80)	(47.79)	(7.79)	(6.64)

These analyses are broadly representative of the Company's activities during the current and prior years as a whole, although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 31 December is shown below:

	Within one year £'000s	More than one year £'000s	2021 Total £'000s	Within one year £'000s	More than one year £'000s	2020 Total £'000s
Exposure to floating rates						
Cash	27,798	–	27,798	16,177	–	16,177
Exposure to fixed rates						
Deposits	25,313	–	25,313	30,477	–	30,477
Debentures	–	(575)	(575)	–	(575)	(575)
Other borrowings	(110,452)	(439,263)	(549,715)	(40,000)	(366,041)	(406,041)
Net exposure at year end	(57,341)	(439,838)	(497,179)	6,654	(366,616)	(359,962)

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates. The interest rate applying on the debenture stock is set out in note 16. There were no material holdings in fixed interest investment securities during the year or at the year end.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings, except in respect of the debenture and loans (see notes 13, 15 and 16), on which the interest rates are fixed.

Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have the following approximate effects on the Income Statement revenue and capital returns after tax and on the NAV:

	2021 Increase in rate £'000s	2021 Decrease in rate £'000s	2020 Increase in rate £'000s	2020 Decrease in rate £'000s
Revenue return	**556**	**(556)**	324	(324)
Capital return	**–**	**–**	–	–
Total return	**556**	**(556)**	324	(324)
NAV per share – pence	**0.11**	**(0.11)**	0.06	(0.06)

Other market risk exposures

Based on the portfolio of investments held at each Balance Sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the net capital return attributable to equity shareholders and on the NAV:

	2021 Increase in value £'000s	2021 Decrease in value £'000s	2020 Increase in value £'000s	2020 Decrease in value £'000s
Income statement capital return	**1,155,825**	**(1,155,825)**	971,274	(971,274)
NAV per share – pence	**219.41**	**(219.41)**	180.99	(180.99)

(b) Liquidity risk exposure

The Company is required to raise funds to meet commitments associated with financial instruments, Private Equity investments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large value of the listed investments held in the Company's portfolio (91% at 31 December 2021); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio and the existence of ongoing overdraft and loan facility agreements. Cash balances are held with approved banks, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The Company has loan facilities of £640 million as set out in notes 13 and 15 together with an option to extend by a further £100 million. In addition to this a further issue of £140m unsecured loan notes has been agreed and is due to be funded on 1 March 2022 (see note 15). The facilities limit the amount which the Company may borrow at any one time as a proportion of the relevant portfolio of investments and cash. The most onerous financial covenant limits total borrowings to 35% of the Company's adjusted net asset value, which at 31 December 2021 was £4,763 million. Actual borrowings at market value at 31 December 2021 were £569.7 million in loans (see notes 13 and 15) and £0.4 million in a debenture at market value (see note 16).

At 31 December 2021 the Company had £187.3 million outstanding commitments to Private Equity investments (see note 23).

26. Financial Risk Management (continued)

The contractual maturities of the financial liabilities at each balance sheet date, based on the earliest date on which payment can be required, were as follows:

2021	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Forward exchange contracts	4,806	–	–	4,806
Other creditors	115,194	341	–	115,535
Long-term liabilities[1] (including interest)	–	10,890	654,043	664,933
	120,000	11,231	654,043	785,274

2020	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other creditors	48,687	–	–	48,687
Long-term liabilities[1] (including interest)	272	8,677	526,622	535,571
	48,959	8,677	526,622	584,258

(1) See notes 15 and 16 for maturity dates

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. The Board reviews all counterparties used in such transactions, which must be settled on the basis of delivery against payment (except where local market conditions do not permit).

A list of pre-approved counterparties is maintained by the Manager. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Payments in respect of Private Equity investments are made only to counterparties with whom a contracted commitment exists. Cash and deposits are held with approved banks.

The Company has an ongoing contract with the Custodian for the provision of custody services. The contract was reviewed and updated in 2017. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Depositary has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management of BMO GAM (including the Fund Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews BMO GAM's annual Audit and Assurance Faculty Report.

The Company had no credit-rated bonds or similar securities in its portfolio at the year end (2020: none) and does not normally invest in them. None of the Company's financial assets are past its due date or impaired.

During the year the Company purchased a forward currency contract to the value of £289.2m for USD as well as selling a series of forward currency contracts to the value of USD135m, in order to reduce the overall hedge to approximately £200m, resulting in a net unrealised capital loss of £4,806,000 as at 31 December 2021 (31 December 2020: net unrealised capital gain of £9,061,000). As at 31 December 2020 there was a forward currency contract of £300m. This resulted in a realised capital gain of £9,060,000.

The maximum exposure to credit risk on cash and debtors equates to their carrying amounts as per the balance sheet.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the balance sheet at fair value, or at a reasonable approximation thereof, except for the loans which are carried at amortised cost and the debenture which is carried at proceeds less costs, in accordance with Accounting Standards.

The fair values of the loans and debenture at 31 December 2021 are set out in notes 13, 15 and 16. Borrowings under overdraft and revolving loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into sterling at exchange rates ruling at each valuation date.

The fair value of investments quoted on active markets is determined directly by reference to published price quotations in these markets.

Forward currency contracts are valued on the basis of exchange rates for a similar contract for the same residual duration, as provided by the counterparty. The amount of unrealised change in fair value for such forward exchange contracts recognised in the Income Statement for the year was a loss of £4,806,000.

Unquoted investments, including Private Equity investments, are valued based on professional advice and assumptions that are not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques including reference to: net assets; industry benchmarks; cost of investment; roll forward of calls and redemptions; and recent arm's length transactions in the same or similar investments. With respect specifically to investments in Private Equity funds or partnerships, the underlying investment advisers and managers provide regular estimated valuations to the Directors, based on the latest information available to the managers. The Directors review these valuations for consistency with the Company's own accounting policies and with fair value principles. The investment advisers' and managers' estimated valuations relating to the Private Equity funds' period ends are compared annually by the Directors to the final audited annual valuations of those funds to ensure that the managers' valuation techniques gave rise to valid estimates. The Directors were satisfied with the results of this annual review, which took place most recently in June 2021, indicating that the Company can, all things being equal, continue to place reliance on the Private Equity advisers' and managers' estimates and valuation techniques. FCIT's direct investment is valued with reference to an earnings multiple.

(e) Capital risk management

The objective of the Company is stated as being to secure long-term growth in capital and income. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to:

- issue and buy back share capital within limits set by the shareholders in general meeting;
- borrow monies in the short and long terms; and
- pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue and capital reserves.

Changes to ordinary share capital are set out in note 17. Dividend payments are set out in note 9. The Directors have no current intention to pay dividends out of capital reserves. Borrowings are set out in notes 13, 15 and 16.

27. Securities financing transactions ('SFT')

The Company has not, in the year to 31 December 2021 (2020: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the UK regulations on transparency of SFT, issued in November 2015.

28. AIFMD (unaudited)

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM are required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from BMO on request.

The Company's maximum and actual leverage levels at 31 December 2021 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	110%	110%

The Leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Further information on the AIFMD can be found on page 100.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and forty third Annual General Meeting of the Company will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 3 May 2022 at 12.00 noon for the following purposes:

Ordinary Resolutions:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Directors' report and the audited accounts for the year ended 31 December 2021.
2. To approve the Directors' annual report on remuneration (excluding the Directors' remuneration policy).
3. To declare a final dividend for the year ended 31 December 2021 of 3.8 pence per ordinary share.
4. To re-elect Francesca Ecsery as a Director.
5. To re-elect Beatrice Hollond as a Director.
6. To re-elect Tom Joy as a Director.
7. To re-re-elect Edward Knapp as a Director.
8. To re-elect Rain Newton-Smith as a Director.
9. To re-elect Quintin Price as a Director.
10. To re-elect Stephen Russell as a Director.
11. To re-appoint Ernst & Young LLP as auditors to the Company.
12. To authorise the Audit Committee to determine the remuneration of the auditors.
13. Authority to allot shares.

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being 'relevant securities') up to an aggregate nominal amount of £6,600,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company to be held in 2023 or on 30 June 2023, whichever is earlier, unless previously revoked, varied or extended by the Company in a general meeting (the 'relevant period') save that the Company may, at any time prior to the expiry of this authority, make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

Special Resolutions:

To consider and, if thought fit, pass the following resolutions as special resolutions:

14. Disapplication of pre-emption rights

THAT, subject to the passing of resolution 13 above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby authorised, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of the Act) either pursuant to the authority conferred by resolution 13 for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or transfer, provided this authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(b) the allotment (otherwise than under paragraph (a) of this Resolution 14) of equity securities up to an aggregate nominal amount of £6,600,000, and shall expire upon the expiry of the general authority conferred by Resolution 13 above save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted or transferred after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements.

15. Share buyback authority

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased shall be 78,838,000 or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;

(b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 25p;

(c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of:

   (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased, and

   (ii) an amount equal to the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;

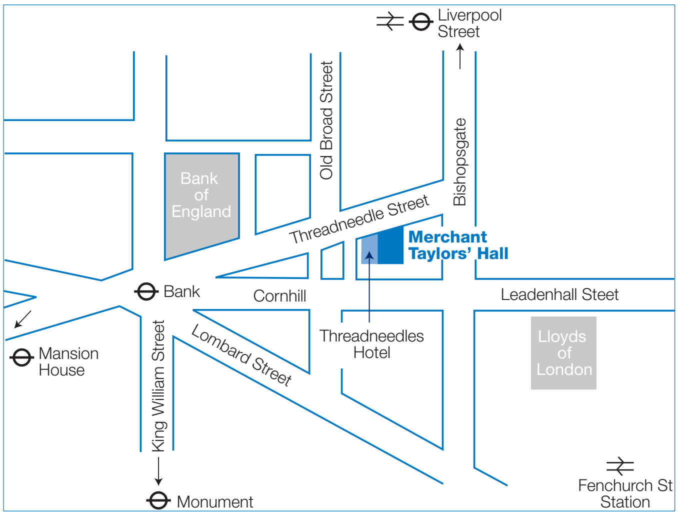
(d) the authority hereby conferred shall expire on 30 June 2023 unless the authority is renewed at the Company's annual general meeting to be held in 2023 or unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

(e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

By Order of the Board	**Registered office:**
BMO Investment Business Limited	**Exchange House**
Company Secretary	**Primrose Street**
9 March 2022	**London EC2A 2NY**

Registered number: 12901

Meeting Location



This year the AGM will be a "hybrid" meeting, with shareholders and savings plan holders being able to attend the meeting in person or online. This will allow many more of our shareholders to view the AGM and to participate by asking questions and voting online. Full details of how to do so are set out in your Form of Proxy or Form of Direction. Please read these carefully as failure to complete your form correctly will result in you not being able to vote at the meeting.

Notes:

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.

   Please contact Computershare Investor Services PLC by email on corporate-representatives@computershare.co.uk or alternatively call 0800 923 1506, providing details of your proxy appointment including their email address so that unique credentials can be issued to allow the proxy to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. Lines are open 8.30am to 5.30pm Monday to Friday (excluding bank holidays).

2. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that she has a notifiable obligation under the Disclosure Guidance and Transparency Rules ('DTRs'), the Chairman will make the necessary notifications to the Company and the Financial

Conduct Authority ('FCA'). As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs need not make a separate notification to the Company and the FCA.

3. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as their proxy will need to ensure that both they and such person complies with their respective disclosure obligations under the DTRs.

4. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional Forms of Proxy, the member should contact Computershare Investor Services PLC on 0800 923 1506. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 12.00 noon on Thursday 28 April 2022 or two business days before the time of any adjournment. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.

5. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC no later than 12.00 noon on Thursday 28 April 2022 or two business days before any adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you wish to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0800 923 1506.

6. Investors holding shares in the Company through the BMO Investment Trust ISA, Junior ISA, Child Trust Fund, General Investment Account, Lifetime ISA and/or Junior Investment Account should ensure that Forms of Direction are returned to Computershare Investor Services PLC not later than 12.00 noon on 25 April 2022. Alternatively, voting directions can be submitted electronically at eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the Form of Direction. Voting directions must be submitted electronically no later than 12.00 noon on 25 April 2022.

7. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the 'Act') (a 'Nominated Person') should note that the provisions in notes 1, 4 and 5 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

8. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

9. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at close of business on Thursday 28 April 2022 (the 'Specified Time') (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than two business days after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting

service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 4 and 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (euroclear.com/CREST).

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

    Please contact Computershare Investor Services PLC by emailing corporate-representatives@computershare.co.uk providing details of your appointment including their email address, confirmation of the meeting they wish to attend and a copy of the Letter of Representation, so that unique credentials can be issued to allow the corporate representative to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. If documentation supporting the appointment of the corporate representative is supplied later than the deadline for appointment of a proxy (48 hours prior to the meeting), issuance of unique credentials to access the meeting will be issued on a best endeavours basis.

15. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or

    (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

    The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

16. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:

    (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;

    (b) if the answer has already been given on a website in the form of an answer to a question; or

    (c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. As at 4 March 2022, being the latest practicable date prior to the printing of this notice, the Company's issued capital (less the shares

held in treasury) consisted of 525,937,297 ordinary shares of 25 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 4 March 2022 are 525,937,297.

18. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 4 March 2022 being the latest practicable date prior to the printing of this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at fandcit.com.

19. Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

20. Copies of the letters of appointment between the Company and its Directors; a copy of the Articles of Association of the Company; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.

21. No Director has a service agreement with the Company.

22. Under sections 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company;

    (a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

    (b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:

    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise),

    (b) it is defamatory of any person or

    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 21 March 2022, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

23. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise. A copy of the Company's privacy policy can be found online at: www.bmogam.com/fandc-investment-trust/privacy-policy.

Management and Advisers

The Management Company

With effect from 8 November 2021, the business of BMO GAM in Europe, the Middle East and Africa was acquired by Ameriprise and is to be merged with that of Colombia Threadneedle. There has been no change to the terms of the Company's investment management agreement as a result of the acquisition or to the corporate entity that acts as the Company's Manager and Company Secretary, BMO Investment Business Limited. In due course, that entity will be required to remove the BMO prefix and will therefore change its name.

F&C Investment Trust PLC managed by BMO Investment Business Limited, a wholly-owned subsidiary of BMO Asset Management (Holdings) PLC which, until 8 November 2021, was ultimately owned by Bank of Montreal and is now owned by Ameriprise (see above). BMO Investment Business Limited is appointed under an investment management agreement with the Company, which sets out its responsibilities for investment management, administration and marketing. The Manager undertakes Responsible Investment matters through BMO Asset Management Limited. Together they are defined as BMO Global Asset Management (**'BMO GAM'**) and both entities are authorised and regulated by the Financial Conduct Authority.

The Manager also acts as the Alternative Investment Fund Manager.

Paul Niven is the Company's Fund Manager and BMO GAM's Head of Multi-Asset Investment and chair of the Manager's asset allocation committee. He has extensive experience in managing large diversified investment funds and has managed the Company's assets since July 2014. He joined in 1996.

Jonathan Latter Represents the Manager as Company Secretary and is responsible for the Company's statutory compliance. He joined in 2021, succeeding **Hugh Potter**.

Marrack Tonkin Head of Investment Trusts with responsibility for the Manager's relationship with the Company. He joined in 1989.

US Sub-managers

Barrow, Hanley, Mewhinney & Strauss, LLC (North America) – appointed 2005
T. Rowe Price International Ltd (North America) – appointed 2006

Private Equity Managers

HarbourVest Partners LLC – appointed 2003
Pantheon Ventures Limited – appointed 2003

Company Secretary and Registered Office

BMO Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone: 020 7628 8000
Facsimile: 020 7628 8188
Website: fandcit.com
Email: info@bmogam.com

Independent Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Custodian

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Share Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0800 923 1506
Facsimile: 0870 703 6143

Authorised and regulated in the UK by the Financial Conduct Authority.

New Zealand Share Registrars

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Telephone: +64 9 488 8700
Facsimile: +64 9 488 8787

Solicitors

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Stockbroker

JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Additional Information for shareholders

Alternative Investment Fund Managers Directive

The Company is an 'alternative investment fund' (**'AIF'**) for the purposes of the AIFMD and has appointed its Manager, BMO Investment Business Limited, to act as its Alternative Investment Fund Manager (the **'AIFM'**). The Manager is authorised and regulated by the FCA as a 'full scope UK AIFM'.

The Company is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within the Investor Disclosure Document (**'IDD'**) which can be found on the Company's website, fandcit.com. There have not been any material changes to the disclosures contained within the IDD since it was last updated in February 2021.

The Company and the AIFM also wish to make the following disclosures to investors:

- the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report. A list of the twenty largest listed equity holdings is included on pages 30 and 31;
- none of the Company's assets is subject to special arrangements arising from their illiquid nature;
- the Strategic Report and note 26 to the accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the year under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures that it employs;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code in respect of the AIFM's remuneration. The relevant disclosures required are within the IDD; and
- information in relation to the Company's leverage is contained within the IDD.

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website at fandcit.com. This document has been produced in accordance with the PRIIPs Regulations.

Net asset value and share price

The Company's net asset value is released daily, on the working day following the calculation date, to the London and New Zealand Stock Exchanges. The current share price of the Company is shown in the investment trust section of the stock market page in most leading newspapers. Investors in New Zealand can obtain share prices from leading newspapers in that country.

UK capital gains tax ('CGT')

An approved investment trust does not pay tax on its capital gains. UK resident individuals may realise net capital gains of up to £12,300 in the tax year ending 5 April 2022 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 (£37,700 in 2021-22 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

Income tax

The final dividend of 3.8 pence per share is payable on 10 May 2022. Since April 2018 the annual tax-free allowance to UK residents on dividend income 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). Dividend income on shares within an Individual Savings Account is not subject to tax.

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 ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to BMO.

BMO Lifetime ISA (LISA)

For those aged 18-39, a Lifetime ISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

BMO Child Trust Fund (CTF)*

If your child already has a CTF you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to BMO.

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 £100 lump sum or £25 a month.

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 £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

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

bmoinvestments.co.uk

facebook.com/bmoinvestmentsuk

CHARGES

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

ANNUAL ACCOUNT CHARGE

ISA/LISA: £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

£12 per fund (reduced to £0 for deals placed through the online BMO Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits.

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

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 & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest into.

HOW TO INVEST

To open a new BMO plan, apply online at **bmogam.com/apply**

Online applications are 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 but paper applications are available at bmoinvestments.co.uk/documents or by contacting BMO.

NEW CUSTOMERS:

Call: **0800 136 420****
(8.30am – 5.30pm, weekdays)
Email: **info@bmogam.com**

EXISTING PLAN HOLDERS:

Call: **0345 600 3030****
(9.00am – 5.00pm, weekdays)
Email: **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: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre.**

Part of

Alternative Performance Measures

The Company uses the following Alternative Performance Measures (**'APMs'**) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative detailed below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to the shareholders in order to assess the Company's performance between reporting periods and against its peer group.

Discount or Premium – the share price of an Investment Trust is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers of shares than buyers. Shares trading at a price above NAV per share are said to be at a premium, in which case there tend to be more buyers than sellers. The Board's policy is set out on page 38.

		31 December 2021 pence	31 December 2020 pence
Net Asset Value per share	(a)	998.72	831.78
Share price per share	(b)	926.00	787.00
(Discount)/Premium (c = (b-a)/a)	(c)	(7.3)%	(5.4)%

Dividend growth – the amount by which the Company's annual dividend has increased compared to the previous year, expressed as a percentage of the previous annual dividend.

		31 December 2021 pence	31 December 2020 pence
Total dividend paid/payable for the prior year	(a)	12.10	11.60
Total dividend paid/payable for the current year	(b)	12.80	12.10
Dividend growth (c= (b-a)/a)	(c)	5.8%	4.3%

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a "prior charge" over the assets of a company, ranking before ordinary shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having "net cash". The Company's maximum permitted level of gearing is set by the Board and is described within the Strategic Report and Directors' Report.

		31 December 2021 £'000	31 December 2020 £'000
Loans		549,715	406,041
Debenture		575	575
	(a)	550,290	406,616
Less Cash and cash equivalents		(53,111)	(46,654)
Less Investment debtors		(420)	(3,156)
Add Investment creditors		42	4,487
Total	(b)	496,801	361,293
Net Asset Value	(c)	5,280,934	4,511,560
Effective gearing (d= b/c)	(d)	9.4%	8.0%
Fully invested gearing (e= a/c)	(e)	10.4%	9.0%

Net Asset Value (NAV) – the assets less liabilities of the Company, as set out in the Balance Sheet, all valued in accordance with the Company's Accounting Policies (see note 2 to the Accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve and capital and revenue reserves. The net asset value per share is calculated by dividing the Net Asset Value by the number of ordinary shares in issue (excluding those shares held in treasury).

	31 December 2021	31 December 2020
Net assets at year end - £'000s	5,280,934	4,511,560
Number of ordinary shares in issue at year end (excluding treasury shares)	526,783,140	536,646,636
Net asset value per share (with debt at par) at year end - pence	1,002.49	840.69

Net Asset Value (NAV) with Debt at Market Value – the Company's debt (debenture and loans) is valued in the Balance Sheet (on page 70) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as "Debt at par". The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the "Debt at Market Value" or "Debt at Fair Value". The market value is disclosed in notes 13, 15 and 16 (pages 83 and 84) to the Accounts.

	31 December 2021	31 December 2020
Net assets at year end - £'000s	5,280,934	4,511,560
Add back: Debt at par - £'000s	550,290	406,616
Deduct: Debt at market value - £'000s	(570,157)	(454,478)
	5,261,067	4,463,698
Number of ordinary shares in issue at year end (excluding treasury shares)	526,783,140	536,646,636
Net asset value (with debt at market value) at year end - pence	998.72	831.78

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company or suffered within underlying investee funds, expressed as a proportion of the average net assets of the Company over the reporting year (see Ten Year Record). The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing Charges calculation		31 December 2021 £'000	31 December 2020 £'000
Management fees		**19,740**	17,189
Other expenses		**3,500**	3,416
Less loan commitment/arrangement fees		**(243)**	(257)
Underlying costs of Private Equity Funds and Collectives		**3,272**	3,160
Total	(a)	**26,269**	23,508
Average daily net assets	(b)	**4,889,822**	4,008,798
Ongoing charges (c= a/b)	(c)	**0.54%**	0.59%

Total Costs – these total 1.16% and comprise all operating costs actually incurred by the Company in the period and costs suffered within underlying funds (0.54% as shown in the Ongoing Charges calculation), together with interest on borrowings (0.23%) and estimated implicit and explicit costs of dealing (0.39%). These are all expressed as a proportion of the average daily NAVs of the Company over the period. Taxation expense and the costs of buying back or issuing ordinary shares are excluded from the calculation.

Total Expense Ratio (TER) – an alternative measure of expenses to Ongoing Charges. It comprises all operating costs incurred in the reporting period by the Company (see notes 4 and 5 (pages 77 and 78) to the Accounts), calculated as a percentage of the average net assets in that year. Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments and derivatives, interest costs, taxation and the costs of buying back or issuing ordinary shares.

TER calculation		31 December 2021 £'000	31 December 2020 £'000
Management fees		**19,740**	17,189
Other expenses		**3,500**	3,416
Less loan commitment/arrangement fees		**(243)**	(257)
Total	(a)	**22,997**	20,348
Average daily net assets	(b)	**4,889,822**	4,008,798
TER (c= a/b)	(c)	**0.47%**	0.51%

Total Return – the theoretical 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 NAV 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.

	Net Asset Value	Share price
NAV/Share Price per share at 31 December 2020 (pence)	**831.78**	**787.00**
NAV/Share Price per share at 31 December 2021 (pence)	**998.72**	**926.00**
Change in the year	**20.0%**	**17.7%**
Impact of dividend reinvestments	**1.7%**	**1.7%**
Total return for the year to 31 December 2021	**21.7%**	**19.4%**

	Net Asset Value	Share price
NAV/Share Price per share at 31 December 2019 (pence)	753.90	765.00
NAV/Share Price per share at 31 December 2020 (pence)	831.78	787.00
Change in the year	10.3%	2.9%
Impact of dividend reinvestments	2.0%	1.7%
Total return for the year to 31 December 2020	12.3%	4.6%

Glossary of Terms

AAF Report – Report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

Adjusted portfolio value – This is as defined within our loan covenant tests and comprises the gross assets less the value of all unquoted and private equity investments.

Administrator – The administrator is State Street Bank and Trust Company to which BMO has outsourced trade processing, valuation and middle office tasks and systems.

AGM – annual general meeting of the Company to be held on 3 May 2022.

AIC – Association of Investment Companies, the trade body for closed-ended Investment Companies.

AIFMD – the Alternative Investment Fund Managers Directive that requires investment vehicles to appoint a Depositary and an Alternative Investment Fund Manager.

AIFM – the Alternative Investment Fund Manager appointed by the Board of Directors in accordance with the AIFMD is the Company's Manager, as defined below.

Ameriprise Financial, Inc. – the ultimate owner of BMO GAM, it is a diversified financial services company and bank holding company incorporated in Delaware, USA.

BEIS – the UK Government's Department for Business, Energy and Industrial Strategy.

BMO – was the parent company of BMO Asset Management (Holdings) PLC and the ultimate owner of BMO GAM until 8 November 2021.

BMO GAM – Together, the Manager and it's sister company, BMO Asset Management Limited, which operate under the trading name BMO Global Asset Management.

BMO Savings Plans – previously the F&C savings plans, these comprise the BMO General Investment Account, BMO Junior Investment Account, BMO Lifetime ISA, BMO Investment Trust ISA, BMO Junior ISA and BMO Child Trust Fund operated by BMO Asset Management Limited, a company authorised by the Financial Conduct Authority.

Benchmark – the FTSE All-World (Total Return) Index is the benchmark against which the increase or decrease in the Company's NAV is measured. The Index averages the performance of a defined selection of companies listed in stock markets around the world and gives an indication of how those markets have performed in any period. Divergence between the performance of the Company and the Index is to be expected as: the investments within this Index are not identical to those held by the Company; the Index does not take account of operating costs; and the Company's strategy does not include replicating (tracking) this Index. Prior to January 2013 the benchmark was a composite of 40% FTSE All-Share (Total Return)/60% FTSE WI World ex UK (Total Return).

Carbon intensity – this is measured in tons of CO2 equivalent (i.e. including the basket of six Kyoto Protocol gases) of Scope 1 and 2 emissions, divided by $1 million of sales at a company level. This is aggregated to portfolio level using a weighted average (by holding).

Climate Action 100+ initiative – An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Closed-ended company – a company, including an Investment Company, with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.

Columbia Threadneedle – The asset management business of Ameriprise, which now owns BMO GAM.

Cum-dividend – shares are classified as cum-dividend when the buyer of a security is entitled to receive a dividend that has been declared, but not paid. Shares which are not cum-dividend are described as ex-dividend.

Custodian – The Custodian is JPMorgan Chase Bank. The custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – The Depositary is JPMorgan Europe Limited. Under AIFMD rules the Company must appoint a depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to oversight of share issues/buybacks, dividend payments and adherence to investment limits.

Derivative – a contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see notes 2(c)(x), 2(c)(xi), 17, 18 and 19 to the Accounts). Company Law requires that Share Capital and the Capital Redemption Reserve may not be distributed. The Company's Articles of Association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of all share buybacks is deducted from Capital Reserves.

Dividend Dates – Reference is made in announcements of dividends to three dates. The "record" date is the date after which buyers of the shares will not be recorded on the register of shareholders as qualifying for the pending dividend payment. The "payment" date is the date that dividends are credited to shareholders' bank accounts. The "ex-dividend" date is normally the business day prior to the record date (most ex-dividend dates are on a Thursday).

DTRs – the Disclosure Guidance and Transparency rules issued by the FCA.

EY – The Company's auditors, Ernst & Young LLP.

FCA – Financial Conduct Authority, the conduct regulator for financial services firms and financial markets in the UK.

FCIT – F&C Investment Trust PLC or the '**Company**' and previously named Foreign & Colonial Investment Trust PLC.

FRC – Financial Reporting Council which regulates auditors, accountants and actuaries in the UK and sets the UK's Corporate Governance and Stewardship Codes.

Fund Manager – Paul Niven, an employee of the Manager with overall management responsibility for the total portfolio.

GAAP – Generally Accepted Accounting Practice. This includes UK Financial Reporting Standards ('**FRS**') and International GAAP (IFRS or International Financial Reporting Standards applicable in the UK).

Hampton-Alexander Review – The independent review body which aims to increase the number of women on FTSE 350 boards.

Investment Company (Section 833) – UK Company Law allows an Investment Company to make dividend distributions out of realised distributable reserves, even in circumstances where it has made Capital losses in any year, provided the Company's assets remaining after payment of the dividend exceed 150% of the liabilities. An Investment Company is defined as investing its funds in shares, land or other assets with the aim of spreading investment risk.

Investment portfolios – sometimes referred to as strategies, the separate regional, global and Private Equity portfolios that together make up the total investment portfolio of the Company.

Investment Trust taxation status (Section 1158) – UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to the provisions that apply to investment companies as set out above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.

ISAE Report – Report prepared in accordance with the International Standard on Assurance Engagements.

Leverage – as defined under AIFMD rules, leverage is any method by which the exposure of an AIF (being an investment vehicle under the AIFMD) is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager (AIFM) – BMO Investment Business Limited, which is a subsidiary of BMO Asset Management (Holdings) PLC, which in turn is now wholly owned by Columbia Threadneedle Investments and ultimately by Ameriprise Financial, Inc. Its responsibilities and fee are set out in the Business Model, Report of the Management Engagement Committee and note 4 to the accounts.

Market capitalisation – the stock market quoted price of the Company's shares, multiplied by the number of shares in issue excluding any Treasury shares. If the Company's shares trade at a discount to NAV, the market capitalisation will be lower than the NAV or higher in the event of a premium.

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors.

Non-Financial Information Statement (NFIS) – Under sections 414CA and 414CB of the Companies Act 2006 certain large companies within scope are subject to an additional layer of narrative reporting originally introduced under EU Non-Financial Reporting Directive (EU/2014/95) and implemented by amending the strategic report requirements in the Companies Act 2006 by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016. The regulations require those companies to disclose to the extent necessary an understanding of the company's development, performance, position and impact of its activity, information relating to environmental, employee, social, respect for human rights, anti-corruption and anti-bribery matters. Although F&C Investment Trust PLC does not fall within the scope of these requirements, the Board has opted to comply and has integrated the disclosures into the Strategic Report. F&C Investment Trust PLC's Non-Financial Reporting disclosures that have been made in relation to the requirements are referenced in the following table to indicate in which part of the Strategic Report they appear.

Non-financial information	Section	Page
Business model	Strategic report and business model	8
Key performance Indicators	Key Performance Indicators	12
Principal Risks	Principal risks and future prospects	32
Policies	Principal policies	37

Open-ended Fund – a collective investment scheme which issues shares or units directly to investors, and redeems directly from investors, at a price that is linked to the net asset value of the fund.

Parker Review Committee – The independent review body which recommends each FTSE 250 company to have at least one director from an ethnic minority background by 2024.

Peer group – Investment Trusts and Funds investing in Global markets on behalf of investors, in competition with the Company and included within either the AIC Global Sector or the Investment Association (IA) Global Sector in the UK.

Portfolio Return – the gross return on assets generated by the Company's portfolio of investments.

PRIIPs – Packaged Retail and Insurance-based Investment Products regulations that require generic pre-sale disclosure of investment "product" costs, risks and indicative future return scenarios. The Company's ordinary shares are defined as a product for the purposes of the regulations. Costs as calculated under PRIIPs are explained within Alternative Performance Measures on page 104, under "Total Costs".

Private Equity – an asset consisting of shares and debt in operating companies that are not publicly traded on a stock exchange. The holdings in such companies may be collected in a Fund which operates as a limited partnership, with Partners contributing capital to the Fund over a period of years and receiving proportional repayments when the investments are sold.

Public Documents – Financial statements, reports, circulars, press releases, analyst presentations and other documents to be issued publicly.

Science-based Targets Initiative (SBTi) – This is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets.

Section 172(1) – Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to matters specified in that section. The directors are required to report on this in the Strategic Report section of the Report and Accounts each year.

Sustainable Development Goals (SDGs) – The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 goals, which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all the while tackling climate change and working to preserve our oceans and forests.

SSAE – Statement on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants.

SORP – Statement of Recommended Practice. The accounts of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 2 to the Accounts.

Special Dividends – dividends received from investee companies which have been paid out of capital reconstructions or reorganisations of the investees are sometimes referred to as Special Dividends and may be allocated to Capital Reserves in accordance with the Company's accounting policies and the SORP. Dividends which are unusually large in terms of the investee companies' annual earnings or normal payment pattern are also sometimes referred to as special but are treated as revenue in nature unless evidenced otherwise.

The Act – the Companies Act 2006.

The Task Force on Climate-related Financial Disclosures (TCFD) – This was set up in 2015 by the Financial Stability Board (FSB) to develop voluntary, consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. BMO Financial Group supports the TCFD and both it and BMO GAM publish reporting in line with TCFD recommendations. These disclosures are not mandatory for investment companies.

The Transition Pathway Initiative (TPI) – A global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy.

Treasury shares – ordinary shares in issue that have been bought back from shareholders on the open market and kept in treasury by the Company. Such shares may, at a later date, be sold on the open market or cancelled if demand is insufficient. Treasury shares carry no rights to dividends and have no voting rights and hence are not included within calculations of earnings per share or net asset value per share.

UK Code of Corporate Governance (UK Code 2018) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

The United Nations-supported Principles for Responsible Investment (UNPRI) – The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. In implementing them, signatories contribute to developing a more sustainable global financial system.

Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell to you shares that turn out to be worthless or non-existent, or to buy your shares at an inflated price in return for an upfront payment following which the proceeds are never received.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from **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** 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**
- 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** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

F&C Investment Trust PLC
Report and Accounts 31 December 2021

Registered office:

Exchange House, Primrose Street, London EC2A 2NY

020 7628 8000 Fax: 020 7628 8188

fandcit.com

info@bmogam.com

Share Registrars:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ

0800 923 1506 Fax: 0870 703 6143

computershare.com

web.queries@computershare.co.uk

Part of