



INVESTMENT TRUST

SINCE 1868

HALF-YEAR REPORT

FOR THE SIX
MONTHS ENDED
30 JUNE 2022

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INVESTMENT TRUST

SINCE 1868

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COMPANY OVERVIEW

F&C Investment Trust PLC ('**FCIT**' or the '**Company**') 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.

FORWARD-LOOKING STATEMENTS

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

The Company continues to evolve, allowing it to keep pace with new investment opportunities and maintain its relevance in today's world. We believe in the power of engaged, long-term ownership as a force for positive change and we have a Manager that applies high standards of Responsible Investment in managing the investments on behalf of our shareholders. 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 [FANDC.COM](https://www.fandc.com)



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

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

FINANCIAL HIGHLIGHTS FOR THE HALF-YEAR

-11.8%

Our share price total return⁽¹⁾ was -11.8%

-9.6%

Our Net Asset Value total return^{(1),(2)} was -9.6%, which was ahead of the return from our benchmark, FTSE All-World Index, of -10.7%

Our Revenue Reserve has enabled us to withstand many an economic downturn, including the Global Financial Crisis, and holds us in very good stead in continuing to deliver growth in dividends for our shareholders. It is a unique advantage, amongst others, which investment trust companies hold over open ended funds. The Board is therefore committed to a further rise in our dividend this year, which will be the 52nd consecutive rise in total dividend for shareholders.

(1) Total return - return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or Net Asset Value in the period*

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

*See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 31 December 2021

CHAIRMAN'S STATEMENT

"WHILE WE EXPECT THAT THE IMMEDIATE OUTLOOK WILL CONTINUE TO PRESENT A CHALLENGE, OUR PORTFOLIO IS SUFFICIENTLY DIVERSIFIED TO PROVIDE PROTECTION FROM OVER-EXPOSURE TO ANY ONE THEME THAT IS DRIVING MARKETS."



MARKETS AND PERFORMANCE

A substantial rise in inflation, caused by sharply rising energy prices after Russia's invasion of Ukraine, coupled with post-Covid supply chain issues led to expectations for a tightening of monetary policy by central banks globally, a consequent decrease in risk appetite and sharp falls in equity markets worldwide. Rising commodity prices more generally added impetus to the surge in inflation which, contrary to the consensus, has not been transitory and has remained at stubbornly high levels. With equities declining into a 'bear market', defined as a fall from the peak of over 20%, the Company delivered a Net Asset Value ('NAV') total return of -9.6%,

whilst our benchmark, the FTSE All-World Index, fell by 10.7%. However, a widening in the Company's discount from 7.3% to 9.6%, meant that the shareholder total return was -11.8%.

The NAV per share closed at 892.8 pence compared with 998.7 pence at the end of 2021. The return from our underlying investment portfolio was marginally behind the return of the benchmark. Despite holding a geared position, which detracted 1.0% from returns, a rise in longer-dated market interest rates reduced the fair value of our debt, and this added 2.5% to our NAV return.

We started the year with a gearing level of 9.4% and ended the first half with 6.5% gearing. During the period

CHAIRMAN'S STATEMENT (CONTINUED)

we drew £140m of additional long dated borrowings through long-term private placement loans.

Valuations in the private equity part of the portfolio have so far held up well and delivered a return of 4.7% over the first six months, however we expect these to come under pressure as the year progresses to reflect what has happened in the public markets. We have continued to make selective investments in this area and agreed a new programme of exposure in leading growth and venture managers which will be managed by Pantheon. These commitments are long-term in nature and our experience in terms of unlisted private equity exposure has, historically, been positive.

INCOME AND DIVIDENDS

We paid a third interim dividend of 3.0 pence per share for the year ended 31 December 2021 in February 2022 and a final dividend of 3.8 pence in May. We drew down 1.7 pence per share from our revenue reserve to help fund the full year dividend of 12.8 pence. This represented an increase of 5.8% on the previous year, ahead of the 5.4% rise in inflation for the year to 31 December 2021.

We continued to see good progress in our net revenue return over the first six months of the year, which rose by 27.6% to 7.48p in comparison to 5.86p over the same period last year. The decline in sterling had a positive impact, increasing returns by £1.1m (in the 2021 half year there was a negative impact of £2.2m). Special dividends totalled £1.0m, up slightly from £0.6m in the first half of 2021. We have declared a first interim dividend for the current year of 3.2 pence per share payable on 1 August 2022.

Despite a strong recovery from the pandemic, there remains significant uncertainty with respect to our full year income but, at this point, it is unlikely that our earnings will cover the full year dividend payment to shareholders. Therefore, as was the case in 2021, we expect to fund a proportion of the annual payment from our Revenue Reserve, which continues to represent over one year's worth of annual dividends. The Board intends to increase dividends in real terms for shareholders over the long-term and our current aim is to raise our dividend again this year. If we do so, this will be the 52nd consecutive rise.

THE BOARD

Jeff Hewitt retired from the Board at the conclusion of the AGM in May this year, after 11 years' service as a Director and 10 years as Chairman of our Audit Committee. I am delighted that Julie Tankard will replace Jeff and she joins the Board with effect from 1 August 2022. Julie is the Chief Financial Officer and a Board member of the Port of London, where she is also responsible for risk. She is a fellow of the Chartered Institute of Management Accountants. Julie sits on the Industrial Development Advisory Board and previously chaired the audit committee of an NHS Foundation Trust, prior to which she held various senior positions at BT plc.

OUTLOOK

The rise in inflation seen thus far and fears that we may be entering a period where price pressures will remain elevated is causing substantial concern for both individuals and market participants. Interest rate expectations have risen and valuations in equity markets have fallen as investors grow increasingly nervous that a recession may be imminent.

The balance of risks suggests that investors are right to position for a fundamentally different, and potentially more challenging, backdrop. Markets have, however, already reflected changed expectations and much of the speculative froth has been removed from market pricing. A more reasonable valuation backdrop presents opportunities for investors with a longer time horizon and a patient approach to investing. While we expect that the immediate outlook will continue to present a challenge, our portfolio is sufficiently diversified to provide protection from over-exposure to any one theme that is driving markets. As noted earlier, our gearing levels have been reduced and our Manager has tilted the portfolio towards areas more likely to benefit from a change in the investment landscape.

Beatrice Hollond
Chairman
22 July 2022

FUND MANAGER'S REVIEW

It has been a difficult period for financial markets so far in 2022 with a substantial rise in market interest rates, reflecting concerns over the outlook for inflation, a widening in credit spreads, due to concerns over an economic slowdown and increased risk of corporate defaults, and sharp falls in equity markets.

Inflation and growth concerns, exacerbated by the conflict in Ukraine, were key themes over the first half of the year. Inflation continued to accelerate across many different regions, reaching the highest levels seen in the US for 40 years. With the exception of Japan, most major developed market central banks have now begun increasing interest rates or indicated their intention to do so. This pivot from central banks has led to a marked rotation away from highly rated growth stocks towards the value segments of the market. Despite the steps taken so far, pressure remains to curb persistent inflation. Indeed, inflation has proven less transient than many initially thought, as markets continue to price in

further monetary tightening and are now increasingly contemplating a recession in the US and other developed market economies.

Currency markets also saw significant volatility. Sterling fell sharply against the US dollar, from 1.35 to 1.22, while the yen declined to a greater than twenty-year low against the US dollar, driven by ongoing loose monetary policy against a backdrop of rising global interest rates.

Our investment portfolio delivered a return of -10.8% compared to the market benchmark return of -10.7%. In terms of exposure, all listed equity regions lost value, with our North American equity holdings, our largest regional allocation, falling 12.1%. 'Growth' stocks had a torrid time and substantially underperformed cheaper 'value' exposure. As investors priced in the prospect of higher inflation and interest rates and grew concerned over large scale withdrawal of liquidity by central banks, the valuation premium on more expensive segments of the market, including disruptive

technology stocks, diminished. More speculative equity investments, trading on high valuations and with little or no profits, were hit particularly hard and investors sought safety in more lowly valued stocks with greater visibility in near term earnings.

We have made substantial reductions in terms of our exposure to more expensive parts of the equity market, predominantly through the sale of US large cap growth stocks, starting in the second half of 2020 and through the course of 2021. During the first half of this year we made further sales in expectation of underperformance in this area. In addition, we made the decision to divest entirely from our exposure to Global Small Cap stocks, having initially reduced our holdings last year. In our view, small cap stocks are less likely to perform well in an environment of rising inflation and we decided to focus our exposure on the large cap space. Small cap holdings modestly underperformed over the first half.

We increased our allocation to higher yielding stocks, expecting better performance to be driven by relative valuations from this area but the primary destination for the proceeds of our sales was cash. Indeed, we

raised cash levels by almost £300m, from £53m at the start of the year to £352m at the end of June. Some of this increase reflects the funding of our £140m private placement notes and we will use some of the proceeds to pay down a seven-year Euro denominated loan of €72m in July. Nonetheless, the effect of our allocation changes was to reduce our net gearing levels to 6.5% with debt at par and 4.3% when we adjust for the fair value of our debt.

As well as reducing our gearing levels and making further re-allocations away from US large cap growth stocks, we reduced the outstanding value of our sterling hedge from around £200m to under £30m, with a view to benefitting from sterling weakness. While rates rose in the UK and inflation here reached the highest amongst G7 nations, we saw limited upside potential for the domestic currency.

Within our US holdings it was our value manager Barrow Hanley (-0.6% return) which provided the best returns, while the strategy managed by our US growth manager T Rowe Price posted a loss of -25.8%. Energy and commodity related stocks such as Hess (+60.8%), Pioneer Natural Resources (+42.7%) and Phillips 66 (+28.9%) were amongst the

FUND MANAGER'S REVIEW (CONTINUED)

top performers in the US while a number of our large holdings, such as Meta (-46%) and Amazon (-28.9%), detracted from returns.

Within our Global Strategies (-11.9% return) there was a wide dispersion of performance. Strongest returns came from our Quality Income strategy (-1.4%) where Woodside Petroleum (+61.4%) and Computershare (+31.3%) helped relative returns. Despite delivering a loss of 6.1%, our higher yielding Global Income strategy, where we invest in companies which have attractive yield characteristics and which tend to trade at a valuation discount, produced strong relative returns against a weak

overall market backdrop. Elsewhere, our exposure to Sustainable Opportunities performed poorly, delivering a return of -19.6%. As was the case elsewhere, the weighting in energy and commodity related stocks, along with more defensive areas of the market such as consumer staples and utilities, played a role in relative returns. Indeed, oil and gas stocks were the strongest performing area over the six months, delivering a gain of 28.0% as, in response to the war in Ukraine and concerns over disruption to global supply as well as an improved demand picture, crude oil gained up to \$45 a barrel, having started the year at around \$75 a barrel.

Contributors to total return in first half of 2022 (%)

Portfolio return	-10.8
Management fees	-0.2
Interest and other expenses	-0.2
Buybacks	0.1
Change in value of debt	2.5
Gearing/other	-1.0
Net asset value total return*	-9.6
Change in rating	-2.2
Share price total return	-11.8
FTSE All World Total Return	-10.7

*Debt at market value

Source: Columbia Threadneedle/State Street

Weightings, stock selection and performance in each investment portfolio strategy and underlying geographic exposure versus index as at 30 June 2022

Investment portfolio strategy	Our portfolio strategy weighting %	Underlying geographic exposure*	Benchmark weighting %	Our strategy performance in sterling %	Index performance in sterling %
North America	39.6	57.1	61.8	-12.1	-11.6
Europe inc UK	10.8	23.8	16.0	-13.8	-12.2
Japan	4.6	6.9	6.3	-16.8	-10.2
Emerging Markets	7.2	8.4	11.0	-12.5	-8.1
Developed Pacific	-	3.8	4.9	-	-6.1
Global Strategies	24.8	-	-	-11.9	-10.7
Private Equity	13.0	-	-	4.7	-

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

Source: Columbia Threadneedle/State Street

In Europe inc. UK (-13.8%) our biggest positive contribution came from pharmaceuticals where an overweight stance to AstraZeneca (+26.6%), GlaxoSmithKline (+12.4%) and Novo Nordisk (+10.9%) benefited returns. Each produced good results and confident outlooks at a time when investors are increasingly concerned about weakening profitability. An underweight stance on oil and gas stocks and poor returns from both Delivery Hero

(-62.6%) and JustEat (-68.3%), however, detracted from returns. Holdings in low-cost airlines, including Wizz Air (-58.1%), also impacted negatively despite clear evidence of rising fares, as fuel costs continued to rise (though airports have cancelled many flights).

Japanese holdings underperformed both the local benchmark and the global index. The strategy suffered headwinds, with quality growth

FUND MANAGER'S REVIEW (CONTINUED)

stocks on relatively high multiples underperforming materially relative to value stocks, as expectations for higher global interest rates picked up. Lockdown thematic winners like Keyence (-39.2%) and Hoya (-35.7%) underperformed and, as was the case with some of our other managers, lack of exposure to energy and utility stocks was detrimental to returns.

Our private equity holdings had a strong first half, posting overall gains of 4.7%. Our recent commitments, where we hold 8.3% of the portfolio assets, posted strong returns of 7.9%, as did our older holdings overseen by Pantheon and HarbourVest which delivered a gain of 6.6%. Both returns were substantially ahead of listed markets. Elsewhere, we saw good progress on our Pantheon Future Growth allocation, which became fully committed and which invests into leading growth and venture managers. We have made a further \$180m commitment to a new and similar programme also managed by Pantheon. These, and other private equity holdings, are long-term in nature and, historically, we have enjoyed good returns against public market equivalents from such positions. More disappointing returns were delivered from our holdings in life sciences investor Syncona (-3.8%), and the Baillie Gifford managed

Schiehallion fund (-43.4%) which fell from a premium to a discount over the period.

A substantial rise in market interest rates led to a reduction in the fair value of our debt over the period. Indeed, with ten-year gilt yields rising from less than 1% at the start of the year to over 2.2% by the end of June, this shift in pricing added 2.5% to our NAV return over the six months. The impact of gearing in a declining market was -1.0%.

CURRENT MARKET PERSPECTIVE

The current backdrop is challenging for the global economy and for financial markets. Investors are increasingly concerned that recession will hit major developed economies later this year and into 2023 as central bankers increase interest rates and rein in excess liquidity. In addition, inflation is proving more problematic than many had originally envisaged, raising questions over the level that interest rates will reach and how deep the growth downturn will be.

Having seen a substantial reduction in valuations in equities, led by more expensive parts of the market, and a significant change in expectations over interest rates, there is likely

to be greater investor focus on margins, cashflows and overall corporate earnings in the coming months. Here, consensus still seems reasonably optimistic. This presents some further near-term risk to equity markets. Nonetheless, and despite a period which is likely to continue to see further volatility in returns, opportunities are emerging. Valuations have corrected and are more attractive for long-term investors. While margins are at risk, equities will provide some hedge to inflation as corporates pass on price rises to consumers. With a relatively high holding of cash and diversified exposure across a range of different equity strategies we believe that the Company is appropriately positioned for the difficult market conditions that we expect. Given our longer-term perspective, we expect to be in a strong position to take advantage of investment opportunities as they emerge and to benefit from a recovery in equity markets in due course.

Paul Niven
Fund Manager
22 July 2022

TWENTY LARGEST LISTED EQUITY HOLDINGS

30 Jun 2022	31 Dec 2021		% of total investments	Value £'000s
1	(1)	Microsoft	2.2	107,322
2	(2)	Alphabet	2.0	95,355
3	(6)	UnitedHealth	1.9	92,174
4	(4)	Apple	1.8	85,114
5	(3)	Amazon	1.3	65,208
6	(11)	Elevance Health (previously Anthem)	1.0	50,690
7	(9)	Dollar General	1.0	46,335
8	(18)	Merck	0.9	41,447
9	(7)	Taiwan Semiconductor Manufacturing (TSMC)	0.8	40,218
10	(20)	CVS	0.8	38,877

30 Jun 2022	31 Dec 2021		% of total investments	Value £'000s
11	(10)	International Flavors & Fragrances	0.8	38,857
12	(8)	Broadcom	0.8	37,809
13	(73)	AstraZeneca	0.8	36,821
14	-	VICI Properties	0.7	35,372
15	(37)	Hess	0.7	34,586
16	(30)	Wells Fargo	0.7	34,028
17	(49)	Phillips 66	0.7	32,630
18	(12)	Tesla	0.7	31,742
19	(70)	GSK	0.6	31,547
20	(14)	Mastercard	0.6	31,469

The value of the twenty largest listed equity holdings represents 20.8% (31 December 2021: 20.6%) of the Company's total investments. The figures in brackets denote the position at the previous year end.

These are the largest listed equity holdings excluding collective investment schemes. If the whole portfolio was considered then PE Investment Holdings 2018 LP (£209.1m), Inflexion Strategic Partners (£77.1m), Pantheon Access SICAV (£76.0m) and Vanguard FTSE 100 UCITS ETF (£35.1m) would have been included in the list.

UNAUDITED CONDENSED INCOME STATEMENT

Notes

Half-year ended 30 June 2022

	Revenue £'000s	Capital £'000s	Total £'000s
(Losses)/gains on investments and derivatives	-	(649,585)	(649,585)
Exchange gains/(losses)	335	(7,158)	(6,823)
3 Income	50,833	-	50,833
4 Fees and other expenses	(4,848)	(6,784)	(11,632)
Net return before finance costs and taxation	46,320	(663,527)	(617,207)
4 Interest payable and similar charges	(1,751)	(5,255)	(7,006)
Net return on ordinary activities before taxation	44,569	(668,782)	(624,213)
5 Taxation on ordinary activities	(5,373)	(551)	(5,924)
6 Net return attributable to shareholders	39,196	(669,333)	(630,137)
6 Net return per share – basic (pence)	7.48	(127.67)	(120.19)

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

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

Half-year ended 30 June 2021

	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	-	487,969	487,969	-	879,862	879,862
	(216)	7,922	7,706	(176)	4,251	4,075
	40,396	-	40,396	77,629	-	77,629
	(3,975)	(7,206)	(11,181)	(8,435)	(14,862)	(23,297)
	36,205	488,685	524,890	69,018	869,251	938,269
	(1,221)	(3,663)	(4,884)	(2,778)	(8,335)	(11,113)
	34,984	485,022	520,006	66,240	860,916	927,156
	(3,630)	(138)	(3,768)	(7,740)	(138)	(7,878)
	31,354	484,884	516,238	58,500	860,778	919,278
	5.86	90.69	96.55	10.99	161.74	172.73

Year ended 31 December 2021

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

Notes	Share capital £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
Half-year ended 30 June 2022					
Balance brought forward 31 December 2021	140,455	122,307	4,924,320	93,852	5,280,934
Movements during the half-year ended 30 June 2022					
11 Shares repurchased by the Company and held in treasury	-	-	(54,352)	-	(54,352)
7 Dividends paid	-	-	-	(52,382)	(52,382)
Return attributable to shareholders	-	-	(669,333)	39,196	(630,137)
Balance carried forward 30 June 2022	140,455	122,307	4,200,635	80,666	4,544,063
Half-year ended 30 June 2021					
Balance brought forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560
Movements during the half-year ended 30 June 2021					
Shares repurchased by the Company and held in treasury	-	-	(34,059)	-	(34,059)
7 Dividends paid	-	-	-	(33,709)	(33,709)
Return attributable to shareholders	-	-	484,884	31,354	516,238
Balance carried forward 30 June 2021	140,455	122,307	4,598,693	98,575	4,960,030
Year ended 31 December 2021					
Balance brought forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560
Movements during the year ended 31 December 2021					
Shares repurchased by the Company and held in treasury	-	-	(84,326)	-	(84,326)
7 Dividends paid	-	-	-	(65,578)	(65,578)
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

UNAUDITED BALANCE SHEET

Notes	30 June 2022 £'000s	30 June 2021 £'000s	31 December 2021 £'000s
Fixed Assets			
8 Investments	4,850,660	5,397,368	5,779,123
Current assets			
Debtors	15,589	55,875	8,267
14 Cash and cash equivalents	352,290	54,903	53,111
Total current assets	367,879	110,778	61,378
Creditors: amounts falling due within one year			
9, 14 Loans	(61,981)	-	(110,452)
10 Other	(31,765)	(45,678)	(9,277)
Total current liabilities	(93,746)	(45,678)	(119,729)
Net current assets/(liabilities)	274,133	65,100	(58,351)
Total assets less current liabilities			
	5,124,793	5,462,468	5,720,772
Creditors: amounts falling due after more than one year			
9, 14 Loans	(580,155)	(501,863)	(439,263)
9, 14 Debenture	(575)	(575)	(575)
	(580,730)	(502,438)	(439,838)
Net assets	4,544,063	4,960,030	5,280,934
Capital and reserves			
11 Share capital	140,455	140,455	140,455
Capital redemption reserve	122,307	122,307	122,307
Capital reserves	4,200,635	4,598,693	4,924,320
Revenue reserve	80,666	98,575	93,852
12 Total shareholders' funds	4,544,063	4,960,030	5,280,934
12 Net asset value per ordinary share - prior charges at nominal value (pence)	873.36	931.59	1,002.49

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Notes	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
13 Cash flows from operating activities before dividends received and interest paid	(18,723)	(11,756)	(27,576)
Dividends received	49,033	39,477	77,652
Interest paid	(6,108)	(4,843)	(11,037)
Cash flows from operating activities	24,202	22,878	39,039
Investing activities			
Purchases of Investments	(1,236,993)	(1,322,861)	(2,527,995)
Sales of Investments	1,519,188	1,259,446	2,483,392
Other capital charges and credits	(24)	(26)	(56)
Cash flows from investing activities	282,171	(63,441)	(44,659)
Cash flows before financing activities	306,373	(40,563)	(5,620)
Financing activities			
Equity dividends paid	(35,733)	(33,709)	(65,578)
14 Repayment of loans	(50,000)	(100,000)	(120,000)
14 Drawdown of loans	140,000	200,000	270,000
Cash flows from share buybacks for treasury shares	(53,812)	(31,273)	(83,961)
Cash flows from financing activities	455	35,018	461
14 Net increase/(decrease) in cash and cash equivalents	306,828	(5,545)	(5,159)
Cash and cash equivalents at the beginning of the period	53,111	46,654	46,654
14 Effect of movement in foreign exchange	(7,649)	13,794	11,616
Cash and cash equivalents at the end of the period	352,290	54,903	53,111
Represented by:			
Cash at bank	219,657	24,711	27,798
Short term deposits	132,633	30,192	25,313
Cash and cash equivalents at the end of the period	352,290	54,903	53,111

UNAUDITED NOTES TO THE CONDENSED ACCOUNTS

1. RESULTS

The results for the six months to 30 June 2022 and 30 June 2021 constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 December 2021; the report of the Auditors thereon was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The condensed financial statements shown for the year end 31 December 2021 are an extract from those accounts.

2. ACCOUNTING POLICIES

(a) Basis of preparation

These condensed financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006, Interim Financial Reporting (FRS 104) and the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP), issued by the AIC in April 2021.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 31 December 2021.

(b) 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 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.

The area requiring the most significant judgement and estimation in the preparation of the financial statements is accounting for the value of unquoted investments.

The policy for valuation of unquoted securities is set out in note 8 and further information on Board procedures is contained in the Report of the Audit Committee and note 26(d) of the Report and Accounts as at 31 December 2021. The choice to only apply cash flows in the roll forward is a judgment made each year for the indirect

investments. Material judgements were applied to the valuation of the Company's direct investment, Inflexion Strategic Partners. This investment was valued using the 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). The fair value of unquoted (Level 3) investments, as disclosed in note 8, represented 12.2% of total investments at 30 June 2022. Under foreseeable market conditions the collective value of such investments may rise or fall in the short term by more than 25%, in the opinion of the Directors. A fall of 25% in the value of the unlisted (Level 3) portfolio at the half-year would equate to £148m or 3.3% of net assets and a similar percentage rise should be construed accordingly.

3. INCOME

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
Income comprises			
UK dividends	4,649	4,135	8,059
Overseas dividends	45,988	36,119	69,559
Interest on short-term deposits and other income	196	142	11
Income	50,833	40,396	77,629

Included within income is £1.0m (30 June 2021: £0.6m; 31 December 2021: £1.4m) of special dividends classified as revenue in nature.

The value of special dividends treated as capital in nature is £0.1m (30 June 2021: £0.0m; 31 December 2021: £1.5m).

UNAUDITED NOTES TO THE CONDENSED ACCOUNTS (CONTINUED)

4. FEES AND OTHER EXPENSES AND INTEREST PAYABLE

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
Fees and other expenses	11,632	11,181	23,297
Interest payable and similar charges	7,006	4,884	11,113
Total	18,638	16,065	34,410

Fees and other expenses comprise:

Allocated to Revenue Account

Management fees payable directly to the Manager*	2,252	2,391	4,935
Other expenses	2,596	1,584	3,500
	4,848	3,975	8,435

Allocated to Capital Account

Management fees payable directly to the Manager*	6,755	7,172	14,805
Other expenses	29	34	57
	6,784	7,206	14,862

Interest payable and similar charges comprise:

Allocated to Revenue Account	1,751	1,221	2,778
Allocated to Capital Account	5,255	3,663	8,335

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

As detailed in the Report and Accounts to 31 December 2021, with effect from 1 January 2022, the Manager's remuneration is based on a fee of 0.325% (0.35% up to 31 December 2021) per annum of the market capitalisation of the Company up to £3.0 billion, 0.30% (0.30% up to 31 December 2021) between £3.0 and £4.0 billion, and 0.25% (0.25% up to 31 December 2021) above £4.0 billion calculated at each month end date on a pro-rata basis. The fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. Variable fees payable in respect of third party sub-managers are also reimbursed. The services provided by the Manager remain unchanged from those disclosed within the accounts

for the year ended 31 December 2021. The level of variable fees payable in respect of third party sub-managers and private equity managers remain unchanged since the year end.

5. TAXATION

The taxation charge of £5,924,000 (30 June 2021: £3,768,000 and 31 December 2021: £7,878,000) relates to irrecoverable overseas taxation and Indian tax on capital gains.

6. NET RETURN PER SHARE

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

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
Revenue return	39,196	31,354	58,500
Capital return	(669,333)	484,884	860,778
Total return	(630,137)	516,238	919,278
Weighted average ordinary shares in issue, excluding treasury shares (see note 11)	524,268,795	534,639,847	532,196,543

	Half-year ended 30 June 2022 pence	Half-year ended 30 June 2021 pence	Year ended 31 December 2021 pence
Revenue return	7.48	5.86	10.99
Capital return	(127.67)	90.69	161.74
Total return	(120.19)	96.55	172.73

UNAUDITED NOTES TO THE CONDENSED ACCOUNTS (CONTINUED)

7. DIVIDENDS

Dividends paid on ordinary shares	Register Date	Payment date	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
2020 Third interim of 2.90p	3-Jan-2021	1-Feb-2021	-	15,563	15,563
2020 Final of 3.40p	16-Apr-2021	13-May-2021	-	18,146	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
2021 Third interim of 3.00p	7-Jan-2022	1-Feb-2022	15,804	-	-
2021 Final of 3.80p	8-Apr-2022	10-May-2022	19,929	-	-
2022 First interim of 3.20p	1-Jul-2022	1-Aug-2022	16,649	-	-
			52,382	33,709	65,578

The Directors have declared a first interim dividend in respect of the year ending 31 December 2022 of 3.20p per share, payable on 1 August 2022 to all shareholders on the register at close of business on 1 July 2022. The amount of this dividend will be £16,649,000 based on 520,294,833 shares in issue at 30 June 2022. This amount has been accrued in the results for the half-year ended 30 June 2022 as the ex-dividend date was 30 June 2022.

8. INVESTMENTS

Fair value hierarchy

The Company's Investments as disclosed in the balance sheet are valued at fair value. The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level 1 includes investments and derivatives listed on any recognised stock exchange or quoted on the AIM market in the UK and quoted open-ended funds.

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

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

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

	As at 30 June 2022* £'000s	As at 30 June 2021* £'000s	As at 31 December 2021* £'000s
Level 1	4,259,149	4,951,479	5,259,951
Level 3	591,511	445,889	519,172
Total valuation of investments	4,850,660	5,397,368	5,779,123

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

No investments held at 30 June 2022, 30 June 2021 or 31 December 2021 were valued in accordance with level 2.

Derivative instruments

Derivative instruments included forward exchange contracts with a net unrealised capital loss of £1.6m as at 30 June 2022 (30 June 2021: unrealised capital loss of £1.2m and 31 December 2021: unrealised capital loss of £4.8m).

UNAUDITED NOTES TO THE CONDENSED ACCOUNTS (CONTINUED)

9. LOANS AND DEBENTURES

	30 June 2022 £'000s	30 June 2021 £'000s	31 December 2021 £'000s
Loans falling due within one year	61,981	-	110,452
Loans falling due after more than one year	580,155	501,863	439,263
Debenture falling due after more than one year	575	575	575
Comprising:			
Sterling denominated loan, falling due within one year	-	-	£50m
Euro denominated loan, falling due within one year	€72m	-	€72m
Sterling denominated loan, falling due after more one year	£544m	£404m	£404m
Euro denominated loan, falling due after more than one year	€42m	€114m	€42m
4.25% perpetual debenture stock	£0.575m	£0.575m	£0.575m

In March 2022 the Company issued fixed rate senior unsecured notes in tranches of £50 million, £45 million and £45 million expiring in March 2037, March 2056 and March 2061 respectively. Interest rates applying to the notes are commercially competitive and fixed until the expiry dates.

10. OTHER CREDITORS FALLING DUE WITHIN ONE YEAR

	30 June 2022 £'000s	30 June 2021 £'000s	31 December 2021 £'000s
Cost of ordinary shares repurchased	1,325	3,205	784
Investment creditors	8,346	37,955	42
Management fees payable to the Manager	1,726	2,173	2,241
Foreign exchange contracts	1,559	1,205	4,806
Dividend payable	16,649	-	-
Other accrued expenses	2,160	1,140	1,404
	31,765	45,678	9,277

11. SHARE CAPITAL

	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue nominal £'000s
Equity share capital				
Ordinary shares of 25p each				
Balance at 31 December 2021	35,035,876	526,783,140	561,819,016	140,455
Shares repurchased by the Company and held in treasury	6,488,307	(6,488,307)	-	-
Balance at 30 June 2022	41,524,183	520,294,833	561,819,016	140,455

6,488,307 shares were repurchased during the period at a cost of £54,352,000. Shares held in treasury have no voting rights and no right to dividend distributions and are excluded from the calculations of earnings per share and net asset value per share.

12. NET ASSET VALUE PER ORDINARY SHARE

	6 months to 30 June 2022	6 months to 30 June 2021	Year ended 31 December 2021
Net asset value per share – pence	873.36	931.59	1,002.49
Net assets attributable at end of period – £'000s	4,544,063	4,960,030	5,280,934
Ordinary shares of 25p in issue at end of period excluding shares held in treasury – number	520,294,833	532,428,251	526,783,140

Net asset value per share (with debenture stock and long-term loans at market value) at 30 June 2022 was 892.77p (30 June 2021: 927.41p and 31 December 2021: 998.72p). The market value of debenture stock at 30 June 2022 was £429,000 (30 June 2021 and 31 December 2021: £429,000). The market value of the long-term loans at 30 June 2022 was £479,338,000 (30 June 2021: £524,243,000 and 31 December 2021: £458,896,000) based on the equivalent benchmark gilts or relevant commercially available current debt.

**UNAUDITED NOTES TO THE CONDENSED ACCOUNTS
(CONTINUED)**

**13. RECONCILIATION OF NET RETURN BEFORE TAXATION TO CASH FLOWS
FROM OPERATING ACTIVITIES**

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
Net return on ordinary activities before taxation	(624,213)	520,006	927,156
Adjust for non-cash flow items, dividend income and interest expense:			
Losses/(gains) on Investments	649,585	(487,969)	(879,862)
Exchange losses/(gains)	6,823	(7,706)	(4,075)
Non-operating expenses of a capital nature	29	34	57
(Increase)/decrease in other debtors	(112)	24	60
Decrease in creditors	(635)	(341)	(61)
Dividends receivable	(50,637)	(40,254)	(77,618)
Interest payable	7,006	4,884	11,113
Tax on overseas income and Indian Capital Gains Tax	(6,569)	(434)	(4,346)
	605,490	(531,762)	(954,732)
Cash flows from operating activities (before dividends received and interest paid)	(18,723)	(11,756)	(27,576)

14. 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 2021	53,111	(110,452)	(439,263)	(575)	(4,806)	(501,985)
Cash-flows:						
Drawdown of loans	-	-	(140,000)	-	-	(140,000)
Repayment of bank loans	-	50,000	-	-	-	50,000
Net movement in cash and cash equivalents	306,828	-	-	-	-	306,828
Non-cash:						
Effect of foreign exchange movements	(7,649)	(1,529)	(892)	-	3,247	(6,823)
Closing net debt as at 30 June 2022	352,290	(61,981)	(580,155)	(575)	(1,559)	(291,980)

15. 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 policy; current cash position; the availability of loan finance; compliance with all financial loan and private placement covenants; and the operational resilience of the Company and its service providers. It is recognised that the Company is mainly invested in readily realisable, globally listed securities that can be sold, if necessary, to repay indebtedness.

UNAUDITED NOTES TO THE CONDENSED ACCOUNTS (CONTINUED)

Based on this information and their knowledge and experience of the Company's portfolio and stockmarkets, the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary
Exchange House
Primrose Street
London EC2A 2NY
22 July 2022

STATEMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are described in detail under the heading "Principal risks and future prospects" within the strategic report in the Company's annual report for the year ended 31 December 2021. They include: failure to access the targeted market or meet investor needs or expectations; inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives may lead to investment underperformance; failure of the management company to continue to operate effectively resulting from

inadequate systems or resources or through loss of key staff; COVID-19 and the implementation of hybrid working arrangements and increased sophistication of cyber threats have heightened the risk of loss through errors, fraud or control failures at service providers or loss of data through business continuity failure.

In the view of the Board, there have not been any material changes to the fundamental nature of these risks and they are applicable to the remainder of the financial year.

DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

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

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-year report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;

- the Statement of Principal and Emerging Risks and Uncertainties shown on the previous page is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-year report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Beatrice Hollond
Chairman
22 July 2022

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 Columbia Threadneedle Investments.

CT Individual Savings Account (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.

CT 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 Columbia Threadneedle Investments.

CT Junior Individual Savings Account (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 Columbia Threadneedle Investments.

CT 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.

CT Lifetime Individual Savings Account (LISA)

For those aged 18-39, a LISA 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.

CT 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.

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 Columbia Threadneedle 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 Columbia Threadneedle Investments plan, apply online at ctinvest.co.uk. Online applications are not available if you are transferring an existing plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers:

Call: 0800 136 420**
(8:30am – 5:30pm, weekdays)
Email: invest@columbiathreadneedle.com

Existing Plan Holders:

Call: 0345 600 3030**
(9:00am – 5:00pm, weekdays)
Email: investor.enquiries@columbiathreadneedle.com
Post: Columbia Threadneedle Management Limited, 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.**

Notes

*The CTF and JISA accounts are opened in the child's name and they can have access to the account at age 18.

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

To find out more, visit ctinvest.co.uk

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.



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AVAILABILITY OF REPORT AND ACCOUNTS

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

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

WARNING TO SHAREHOLDERS - BEWARE OF SHARE FRAUD.

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

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from fca.org.uk 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.

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