

Fund manager
Paul Niven



Manager Commentary

During June, our net asset value (NAV) return was -4.2% and shareholder returns were -3.1%. Meanwhile, the FTSE All World Index returned -4.9%.

June was a poor month for nearly all financial asset classes. The notable exception to this was Chinese equities, where improving economic data, following the relaxation of some COVID-19-related restrictions, proved supportive. Elsewhere, another high US inflation reading, this time coming in at 8.6%, weighed on equities; markets rapidly priced in a more aggressive pace of rate hikes from the US Federal Reserve (Fed). This represented a reversal in expectations given that the bank had previously pushed back on the prospects for a 0.75% hike in May. The Fed did, in fact, deliver a 0.75% rate hike at its June meeting - the first hike of this level since 1994. The European Central Bank matched expectations at its June meeting, leaving the main refinancing and deposit rates unchanged at 0% and -0.5%. However, guidance implies a high likelihood that the bank's asset purchase programme will end during July, followed by the beginning of a rate hiking cycle. Elsewhere, oil prices fell as recession fears increased.

Looking at other economic data released over June, UK GDP fell by 0.3% month-over-month in April, below consensus. Elsewhere, in quarter one, final real GDP in the eurozone rose by 0.6% quarter-on-quarter following a 0.3% increase in the fourth quarter of 2021. In the US, the University of Michigan Consumer Sentiment Index fell sharply to 50.2 from 58.4, substantially below the expected 58.1, taking the closely followed indicator to a record low.

Equity market returns over June were poor. Developed Europe (excluding the UK) was the weakest performing region in local currency terms, with the US not much better. In contrast, Japan and the UK saw positive relative returns compared to the All-World benchmark; however, all were negative in absolute terms. Developed markets underperformed emerging markets in general, but both lost value in absolute terms.

While absolute returns across strategies were negative over June, relative returns were more mixed. There was a relative outperformance from our quality value strategy, run by Pyrford, and our emerging markets strategy. Meanwhile, our European strategy was flat relative to benchmark. United Health Group was a top performer for the Trust this month, with our overweight position at fund level benefiting overall returns given the stock's outperformance of the broader market over June. An overweight to Dollar General and an underweight to Lundin Energy also benefited relative returns. In contrast, a small overweight to Wizz Air detracted, as did an overweight to Meta Platforms (previously Facebook) and a zero position in Alibaba.

We ended the month at a discount of 9.2%, having averaged a discount of 10.5% over June.

We can expect markets to remain volatile in the short term, as central banks grapple with how to curb inflationary pressures without negatively impacting economic growth and markets become more fearful of recession. Nonetheless, F&C Investment Trust has a tremendous advantage through our corporate structure which makes us well placed to withstand further market volatility, and we remain focused on the long-term opportunities for the benefit of our shareholders.

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Where investments are made in emerging markets their potential volatility may increase the risks to the value of and the income from the investment. Political or economic change may be more likely to occur and have a greater effect on the economies and markets of the emerging countries. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. The fund may invest in private equity funds which are not normally available to individual investors, exposing the fund to the performance, liquidity and valuation issues of these funds. Such funds typically have high minimum investment levels and may restrict or suspend redemptions or repayment to investors. The asset value of these private equity funds and prospects may be more difficult to assess. If markets fall, gearing can magnify the negative impact on performance.

Key facts as at 30.06.22

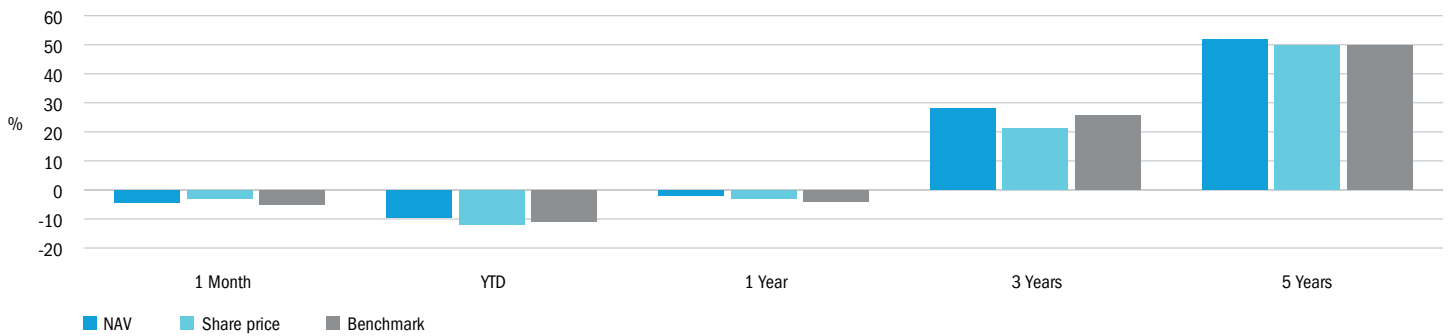
Trust aims: The objective of the trust is to secure long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and private equity, with the use of gearing.

Trust highlights: The first ever investment trust, launched in 1868. A diversified portfolio gives exposure to most of the world markets. Invests in more than 400 companies in 35 countries. Among the largest investment trusts in its sector.

Benchmark:	FTSE All World TR Index
Fund type:	Investment Trust
Launch date:	1868
Total assets:	£5.2 billion
Share price:	807.00p
NAV:	889.25p
Discount/premium(-/+):	-9.25%
Dividend payment dates:	Feb, May, Aug, Nov
Net dividend yield*:	1.6%
Net gearing*:	4%
Management fee rate**:	0.325% p.a. based on Market Capitalisation up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion
Total expenses:	0.47%
Ongoing charges**:	0.54%
Year end:	31 December
Sector:	Global
Currency:	Sterling
Website:	fandc.com fandc.co.uk

**Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

Fund performance as at 30.06.22



Cumulative performance as at 30.06.22 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	-4.21	-9.42	-1.87	27.96	51.67
Share price	-3.09	-11.83	-2.82	21.18	49.80
Benchmark	-4.94	-10.74	-4.02	25.67	49.73

Discrete annual performance as at 30.06.22 (%)

	2022/21	2021/20	2020/19	2019/18	2018/17
NAV	-1.87	26.74	2.89	6.68	11.11
Share price	-2.82	25.84	-0.92	2.80	20.26
Benchmark	-4.02	24.49	5.18	9.48	8.83

Past performance is not a guide to future performance. Source: Lipper and Columbia Threadneedle Investments. Basis: Percentage growth, Total return, net income reinvested. The discrete annual performance table refers to 12 month periods, ending at the date shown.

Trust codes

Stock exchange	FCIT
Sedol	346607
Legal Entity Identifier	213800W6B18ZHTNG7371

Net dividend distributions pence per share (paid)/(declared)

	2017	2018	2019	2020	2021	2022
February	2.45	2.70	2.80	2.90	2.90	3.00
May	2.70	2.70	2.80	2.90	3.40	3.80
August/September	2.50	2.70	2.90	2.90	3.00	3.20
November	2.50	2.70	2.90	2.90	3.00	-
Total	10.15	10.80	11.40	11.60	12.30	10.00

Asset allocation including Private Equity (%)	
UK equity	10.6
Europe ex UK equity	11.6
North America equity	53.3
Japan equity	6.4
Pacific ex Japan equity	3.5
Emerging markets equity	7.8
Liquidity	6.7
Total	100.0

All figures are subject to rounding.

Glossary	
Bid price	Investment trust shares are sold via the stock exchange at the bid price. This price is determined by supply and demand.
Dividend	Income paid to shareholders by the company they invest in.
Net asset value	A key measure of the value of a company or trust – the total value of assets less liabilities, divided by the number of shares.

20 largest listed equity holdings (%)	
	Percentage of total Investments
Microsoft	2.2
Alphabet	2.0
UnitedHealth	1.9
Apple	1.8
Amazon	1.3
Elevance Health	1.0
Dollar General	1.0
Merck & Co	0.9
Taiwan Semiconductor Manufacturing Company	0.8
CVS Health	0.8
International Flavors & Fragrances	0.8
Broadcom	0.8
AstraZeneca	0.8
VICI Properties	0.7
Hess	0.7
Wells Fargo	0.7
Phillips 66	0.7
Tesla	0.7
GSK	0.7
Mastercard	0.7



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All data as at 30.06.2022 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. All percentages are based on gross assets. *The yield is calculated on an historic basis using the actual dividends paid during the last twelve months and the closing share price as at the end of the relevant month. **Net gearing is total assets less cash and cash equivalents divided by shareholders' funds and expressed as a percentage. Net cash is net exposure to cash and cash equivalents expressed as a percentage of shareholders funds after any offset against gearing. **Ongoing charges and management fee information as at the end of 31 December 2021. Please refer to the latest annual report as to how the fee is structured. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product.

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