

F&C INVESTMENT TRUST PLC

FEBRUARY 2024



INVESTMENT TRUST

SINCE 1868

FUND MANAGER

PAUL NIVEN



MANAGER COMMENTARY

During January, our net asset value (NAV) return was 2.0% and shareholder returns were 1.6%, in comparison to the FTSE All-World Index return of 0.7%.

Equity markets remained resilient in January, building on their strong run into year-end. Bond yields moved higher as investors dialled back expectations for rate cuts this quarter. Despite rising geopolitical concerns, notably the continuation of attacks against commercial shipping in the Red Sea and retaliatory airstrikes in Yemen, US and European equities posted their third consecutive month of gains. Oil prices rose c.5.7% after three months of declines, and freight container costs soared c.150%. The equity rally remained very narrow, as was the case in 2023, with positive performance attributed to only a small subset of US names.

Dominant US stocks, notably the 'magnificent seven', continued to lead the market during January. Resilient earnings and excitement around the potential of artificial intelligence (AI) have helped to support lofty valuations here; however, the 'bar' to impress investors is set relatively high. While only a third of companies have reported thus far, initial results suggest the 'magnificent seven' account for most of fourth-quarter earnings growth. Microsoft reported a c.33% rise in profits, with sales from its Azure cloud platform – a major growth driver for Microsoft – rising c.30% quarter-on-quarter, 6% of which was attributable to Azure AI and other AI services (up from 3% last quarter). Similarly, Google-parent Alphabet reported double-digit revenue growth in the fourth quarter. While results for both Microsoft and Alphabet were generally above or in line with estimates, the shares traded lower into month-end as investors sought more reassurance that costly AI investments are translating into financial gains. In contrast, January was a challenging month for companies within the basic materials sector. China's sluggish economic recovery continued to weigh on mining stocks and base metals markets more broadly. Aggregate results (thus far) for the basic materials sector suggest earnings contracted c.20% in the fourth quarter, driven by high interest rates, weak global manufacturing activity and a prolonged downturn in China's property market.

Across regions, Japan (+4.3%) outperformed in January, with the Nikkei rising to a 33-year high and testing the all-time high of 1990. Yen depreciation, corporate reforms to maximise shareholder value, and ultra-loose monetary policy remain

supportive here. The US market (+1.7%), with its high technology weighting, also delivered strong returns in January, while European (0.0%) and UK (-1.2%) shares were weaker. China (-10.3%) was a notable laggard during January after manufacturing activity in the region contracted for the fourth consecutive month. Poor equity market performance in China follows lacklustre policy support from Beijing to sustain the country's economic recovery. In the absence of more meaningful government intervention, investors remain concerned that the country is staring at several years of stagnation (low growth usually coupled with higher unemployment) to come. Geopolitical concerns, including the upcoming US presidential election, also remain a headwind for Chinese equities.

Vertiv Holdings (+17.4%) was the Trust's top contributor to relative returns in January. Revenues and earnings for the digital infrastructure provider have consistently beat analyst estimates, while management continues to successfully execute its strategy to improve margins and deliver operational improvements, including greater free cash flow conversion. As a leading supplier of cooling equipment and technology to data centres, the company is well positioned to benefit from secular demand in data centres arising from the need for faster AI computing. The Trust's underweight position in Tesla Motors (-24.5%) was another key contributor to relative returns this month. Tesla has been the notable laggard within the 'magnificent seven' group of stocks this year after missing market estimates for quarterly profits and revenues. Elon Musk has failed to allay investor concerns over falling demand, shrinking margins, and persistent price cuts to its vehicle line-up; furthermore, the company is facing intensifying competition from Chinese electric-vehicle manufacturers. NVIDIA (+24.4%) was a strong performer during the month as positive analyst earnings projections and heightened optimism around AI propelled the stock higher. The announcement of expanded AI-related offerings, including new desktop graphics processors and advancements in AI-related components and software, continue to reinforce the company's dominant position in the market for advanced AI chips.

We ended the month at a discount of 6.3%, widening from a discount of 5.9% at the end of December.

KEY FACTS AS AT 31.01.24

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.

Benchmark:	FTSE All World TR Index
Fund type:	Investment Trust
Launch date:	1868
Total assets:	£5.7 billion
Share price:	974.00p
NAV:	1038.95p
Discount/premium(-/+):	-6.25%
Dividend payment dates:	Feb, May, Aug, Nov
Net dividend yield†:	1.4%
Net gearing*:	7%

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.

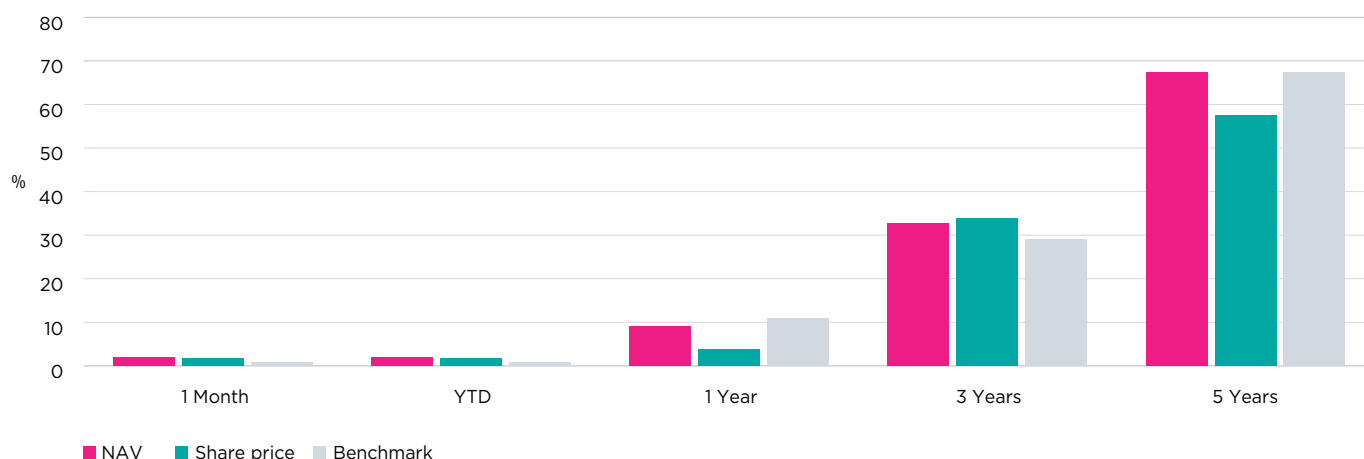
Management fee rate**:	0.30% p.a. based on Market Capitalisation up to £4.0 billion and 0.25% above £4.0 billion
Total expenses:	0.48%
Ongoing charges**:	0.54%
Year end:	31 December
Sector:	Global
Currency:	Sterling
Website:	fandc.com fandc.co.uk

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

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.

Fund performance as at 31.01.24



Cumulative performance as at 31.01.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	2.00	2.00	9.13	32.78	67.35
Share price	1.61	1.61	3.84	33.78	57.42
Benchmark	0.69	0.69	10.80	28.93	67.45

Discrete annual performance as at 31.01.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	9.13	3.61	17.43	12.09	12.44
Share price	3.84	11.89	15.15	4.82	12.26
Benchmark	10.80	0.42	15.88	12.15	15.80

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.

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20 largest listed equity holdings (%)

	Percentage of total Investments
Microsoft	3.1
Alphabet	2.0
Broadcom	1.7
Nvidia	1.6
Apple	1.4
Amazon	1.4
Meta Platforms	1.0
Mastercard	1.0
Eli Lilly	0.9
Lowe's Companies	0.9
Taiwan Semiconductor Manufacturing Company	0.9
Comcast	0.9
Novo Nordisk	0.7
Visa	0.6
Vertiv	0.6
Wells Fargo	0.6
Morgan Stanley	0.6
KLA	0.6
AbbVie	0.6
Marathon Petroleum	0.6

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

	2019	2020	2021	2022	2023	2024
February	2.80	2.90	2.90	3.00	3.20	3.40
May	2.80	2.90	3.40	3.80	3.90	-
August/September	2.90	2.90	3.00	3.20	3.40	-
November	2.90	2.90	3.00	3.20	3.40	-
Total	11.40	11.60	12.30	13.20	13.90	3.40

Asset allocation including Private Equity (%)

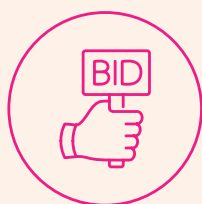
UK equity	10.2
Europe ex UK equity	10.8
North America equity	58.0
Japan equity	6.3
Pacific ex Japan equity	3.7
Emerging markets equity	8.4
Liquidity	2.5
Total	100.0

All figures are subject to rounding.

Trust codes

Stock exchange	FCIT
Sedol	346607
Legal Entity Identifier	213800W6B18ZHTNG7371

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.

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All data as at 31.01.2024 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 2022. 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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F&C Investment Trust PLC is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Cannon Place, 78 Cannon Street, London EC4N 6AG, telephone: Client Services on 0044 (0)20 7011 4444, email: sales.support@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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