

F&C INVESTMENT TRUST PLC

JUNE 2024



INVESTMENT TRUST
SINCE 1868

FUND MANAGER PAUL NIVEN



MANAGER COMMENTARY

During May, our net asset value return was 2.0% and shareholder returns were 1.9%, in comparison to the FTSE All-World Index return of 2.3%.

May saw equity markets bounce back after a weaker April, with key market indices in the US and Europe climbing to new record highs. Despite remaining elevated, US inflation moved lower to 3.4% during April, while weaker economic and labour market data – notably the softest non-farm payrolls in six months – gave markets some confidence that interest-rate cuts in the US remain on the cards, albeit for much later in 2024. The expectation of later cuts has done little to dampen positive equity market sentiment, with the 'Magnificent Seven' stocks resuming market leadership after another strong earnings season, returning 7.2% on an equal-weighted basis this month. However, fortunes continue to diverge within this group of stocks, with Nvidia (+24.6%) maintaining its lead and Tesla (-4.5%) again lagging. Elsewhere, Europe and the UK enjoyed upgrades to growth and earnings expectations, reflecting stronger economic data and a more favourable inflation backdrop.

Across regions, equities in Europe (+3.3%) and the US (+3.1%) delivered outperformance versus the global benchmark, while the UK (+1.9%), China (+0.5%) and Japan (-0.5%) underperformed. European equities have lagged since mid-2023, but improving economic prospects and corporate earnings (particularly within financials, where around 74% of companies beat earnings expectations last quarter) drove strong share-price gains in May. For our European strategy, overweight positions in UBS (+17.4%) and Bank of Ireland (+10.9%) were the most significant contributors to relative returns. European shares continue to have appealing valuations, particularly versus US counterparts, and the prospect of imminent interest-rate cuts from the European Central Bank has proved supportive.

US returns also remained resilient during May, benefiting from a greater tilt towards high-growth technology companies that continue to lead the market. However, concentration risk remains a concern in the US and increased volatility is likely if earnings momentum turns, given elevated valuations. Meanwhile, Japanese equities lagged on moderating earnings upgrades and slowing inflows from foreign investors.

Qualcomm (+21.5%) – a global leader in the development of semiconductors and wireless chips, which is held at an overweight relative to the benchmark – was the most significant contributor to relative returns during May. The company, which is known for being the world's largest supplier of chips for smartphones, reported 13% year-on-year earnings growth, surpassing analyst expectations as improving margins and significant growth within its automobile segment (up 35% year-on-year) drove the shares higher. Qualcomm's shares have risen by more than 40% over the year to date, with the company remaining well positioned to benefit from the integration of artificial-intelligence (AI) capabilities into smartphones. In contrast, our underweight position in Apple (+11.2%) was the most significant detractor from returns. Apple's shares are broadly flat over the year to date following growing scrutiny from competition authorities, intensifying competition from local rivals in China, and potentially slower deployment of AI capabilities than peers. Despite these challenges, Apple's quarterly results released this month beat (modest) expectations, and an additional programme to buy back \$110bn of stock – the largest in the company's history – sent its stock higher.

We ended the month at a discount of 9.6%. Net gearing continued to be conservative at 5.5% (with debt at fair value) for month-end.

KEY FACTS AS AT 31.05.24

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:	£6.0 billion
Share price:	1,010.00p
NAV:	1117.42p
Discount/premium(-/+):	-9.61%
Dividend payment dates:	Feb, May, Aug, Nov
Net dividend yield*:	1.5%
Net gearing*:	5%

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:	0.45%
Ongoing charges**:	0.49%
Year end:	31 December
Sector:	Global
Currency:	Sterling
Website:	fandc.com fandc.co.uk

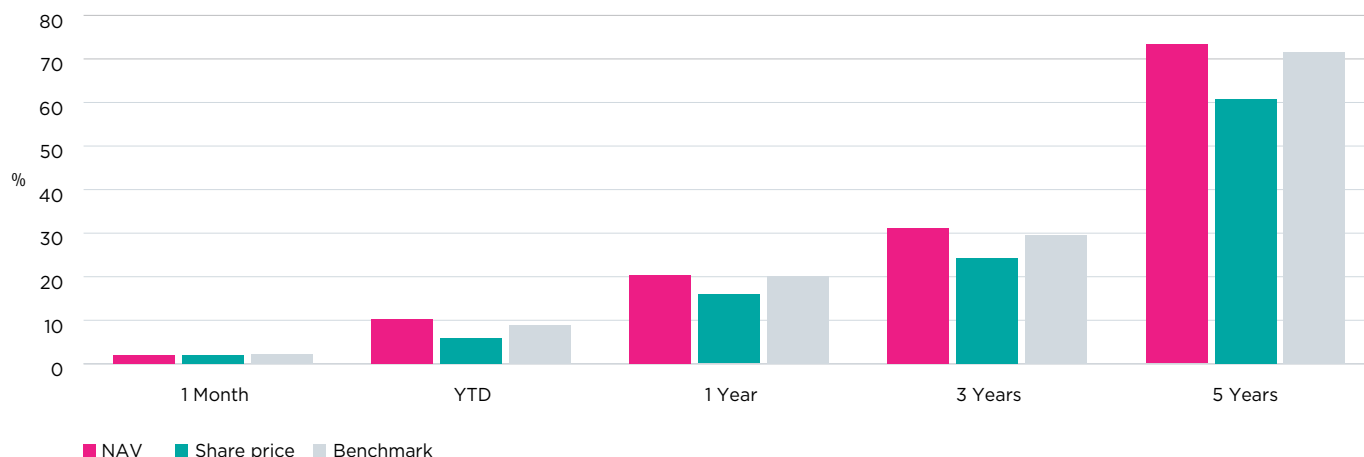
† * See page 4

**Ongoing charges calculated in accordance with AIC recommendations.

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 31.05.24



Cumulative performance as at 31.05.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	2.02	10.14	20.25	31.03	73.23
Share price	1.92	5.85	15.84	24.28	60.69
Benchmark	2.28	8.85	20.03	29.44	71.59

Discrete annual performance as at 31.05.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	20.25	2.67	6.13	25.72	5.16
Share price	15.84	7.62	-0.31	29.62	-0.25
Benchmark	20.03	2.56	5.14	23.37	7.46

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	3.2
Nvidia	2.6
Alphabet	2.1
Amazon	1.6
Broadcom	1.6
Apple	1.5
Meta Platforms	1.3
Mastercard	1.2
Eli Lilly	1.1
Taiwan Semiconductor Manufacturing Company	0.9
Booking Holdings	0.8
Comcast	0.8
Novo Nordisk	0.8
Visa	0.8
Lowe's Companies	0.7
KLA	0.7
American Tower	0.6
Netflix	0.6
Wells Fargo	0.6
Keyence	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	4.50
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	7.90

Asset allocation including Private Equity (%)

UK equity	8.6
Europe ex UK equity	10.9
North America equity	61.3
Japan equity	6.1
Pacific ex Japan equity	3.5
Emerging markets equity	7.9
Liquidity	1.7
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 31.05.2024 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 2023. 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 6A. Email: inv.trusts@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com.

Please read before taking any investment decision.

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