

**SHINING A LIGHT ON THE.....  
F&C Investment Trust**

**AT A GLANCE**

<b>Investment Objective</b>	
To secure long-term growth in capital and income from an international diversified portfolio of listed equities, as well as unlisted securities and private equity with gearing. Company is restricted to invest mainly in readily realisable, publicly listed securities and that the level of borrowings.	

<b>Inception Date</b>	19 March 1868
<b>Fund Factsheet Link</b>	<a href="https://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=FOGBR052PD%5D2%5D0%5DFCGBR%24%24ALL">https://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=FOGBR052PD%5D2%5D0%5DFCGBR%24%24ALL</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Paul Niven	1 July 2014

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	41.96%
Large	37.39%
Medium	16.89%
Small	2.96%
Micro	0.80%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	460	
<b>Assets in Top 10 Holdings</b>	16.82%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Pe Investment Holdings 2018 Lp Pe Invest	-	3.06%
Amazon.com Inc	Consumer Cyclical	2.70%
Microsoft Corp	Technology	2.46%
Facebook Inc A	Communication Services	1.61%
Alphabet Inc Class C	Communication Services	1.48%
Apple Inc	Technology	1.35%
Mastercard Inc A	Financial Services	1.05%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	1.05%
Inflexion Partnership Capital Inflexion	-	1.03%
Visa Inc Class A	Financial Services	1.02%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	<b>3-Yr Mean Return</b>
17.39%	6.35%

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## FUND PERFORMANCE

Performance 1 January 2015 to 30 April 2020:

	2015	2016	2017	2018	2019	2020
<b>F&amp;C Investment Trust</b>	9.01%	23.72%	21.05%	-0.57%	22.89%	-14.97%
<b>MSCI World</b>	0.15%	6.77%	16.27%	-9.13%	24.86%	-12.23%
<b>FTSE World</b>	4.34%	29.59%	13.34%	-3.10%	22.81%	-8.62%

Performance over 1 year, 3 years, 5 years and 10 years:

	1 year	3 years	5 years	10 years
<b>F&amp;C Investment Trust</b>	-6.16%	20.30%	62.22%	176.21%
<b>MSCI World</b>	-5.55%	9.27%	18.00%	82.02%
<b>FTSE World</b>	-1.00%	18.82%	56.40%	155.03%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

**This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

This was our first introduction to the strategy and it was difficult to really understand how the strategy actually works, and the benefit to investors. It has outperformed the index over the medium to long term and it does pay a dividend to investors.

It has had 49 consecutive dividend rises and a dividend has been paid in every year since 1868. They have cash to pay the equivalent of 1.75 years' worth of dividends held in reserve. There is the intention to make a rising dividend payment this year, but this will likely come down next year. There must be a question mark about holding cash to provide a dividend rather than paying for the dividend via a natural income stream.

In terms of how they invest, this is a global strategy and the manager does not directly invest the money. They use segregated mandates, for example T Rowe manage the US Growth part of the portfolio. The management therefore comes at a strategic level rather than a company level. So, because of market events they have reduced exposure to Europe, Value, Japan and High Yield. They have added exposure to sustainable and global growth.

It means that the number of holdings is over 450 but these are spread across around 35 countries. F&C provide extraordinarily little information on how the fund is managed but it appears they have very low turnover of the primary managers. Our concern with segregated mandates is cost and how that impacts returns.

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My second concern is that it is very unclear who this is aimed at. This is not a high conviction portfolio and the manager has no control of the underlying holdings. However, the manager does appear to manage at a strategic level, deciding on asset allocation, but the question is whether this adds value.

Income might be a reason, especially in a world starved of income producing vehicles, but the yield is only 1.74% and it seems that this is not always a natural income stream. It is therefore a concern that this could be paid from capital which could be invested.

In summary, we understand the heritage with this proposition, but questions should be asked as to whether the market for investors has moved since 1868 and this has stood still. It is very confusing as to the benefits of having this fund and what the management team are doing that adds value. Having said all of that it has outperformed the index, and this might be enough for the investors.

*The source of information in this note has been provided by F&C and is correct as at May 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*