

# F&C INVESTMENT TRUST PLC

MARCH 2024



INVESTMENT TRUST

SINCE 1868

## FUND MANAGER PAUL NIVEN



## MANAGER COMMENTARY

During February, our net asset value return was 4.9% and shareholder returns were 0.8%, in comparison to the FTSE All-World Index return of 4.9%.

Equity markets continued to perform well in February, with several equity indices, including the S&P 500 and Nikkei, rising to record highs. Indeed, Japanese equities reached their highest level since 1989.

US economic data remained resilient – non-farm payrolls and ISM manufacturing both surpassed expectations – but inflation surprised to the upside (3.1% versus 2.9%), leading investors to push out the expected timing of future interest-rate cuts.

Across sectors, technology was the standout performer in February. While the market rally began to broaden out to other sectors – only telecommunications posted negative returns this month – excitement around the potential for artificial intelligence (AI), in conjunction with strong fourth-quarter earnings delivery, continued to support the Magnificent 7 (Microsoft, Apple, Alphabet, Amazon, NVIDIA, Meta and Tesla). However, fortunes within the group have diverged, with those most geared towards the AI theme, including NVIDIA (61.6%) and Meta (40.2%), enjoying the strongest performance for the year thus far. Those most exposed to China, namely Apple (-4.9%) and Tesla (-17.8%), have suffered over the year to date due to burgeoning local competition and weak domestic demand resulting from China's sluggish economic recovery and ongoing property crisis. Chinese iPhone sales, which comprise c.15% of Apple's total revenues, reportedly declined c.25% year-on-year in the first six weeks of 2024, driven by intensifying competition from a resurgent Huawei. This has coincided with mounting investor concern that the company is failing to keep up with peers in the development of AI capabilities. The Trust's growth-orientated strategies,

notably JP Morgan US Growth and CT Global Focus, have been beneficiaries of diverging performance across the Magnificent 7, with both strategies delivering strong outperformance due to limited exposure to Apple and Tesla.

Across regions, Chinese shares (+9.1%) experienced a sharp recovery in February as the authorities took several steps to bolster the stock market, which has fallen by over c.30% from its peak in 2021. Replacement of China's top securities regulator, restrictions on sales and short selling, record share buybacks, and mounting purchases of exchange traded funds by China's so-called 'national' team of major state-backed financial services operators have been instrumental in stabilising share prices. US shares (+6.0%) also outperformed the global benchmark in February due to a high weighting to technology, while Japan (3.4%), Europe (2.0%) and the UK (0.9%) underperformed. UK shares remain under pressure amid record outflows and lacklustre economic growth. UK GDP contracted 0.3% in the fourth quarter of 2023, as the UK entered technical recession late last year.

Vertiv Holdings (20.8%), which is held at an overweight relative to the benchmark, was a key contributor to relative returns in February. As a leading supplier of cooling equipment and technology for datacentres (many of which are ill-equipped to support the computing required for AI), surging demand for AI applications has resulted in the stock gaining 400% in the past year. In contrast, the Trust's overweight position in Comcast (-7.3%) was the most significant detractor from relative returns this month after reporting a 34,000 broadband subscriber loss for the latest quarter.

We ended the month at a discount of 9.9%, widening from a discount of 6.3% at the end of January.

## KEY FACTS AS AT 29.02.24

### 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:	£5.9 billion
Share price:	982.00p
NAV:	1089.64p
Discount/premium(-/+):	-9.88%
Dividend payment dates:	Feb, May, Aug, Nov
Net dividend yield†:	1.4%
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.

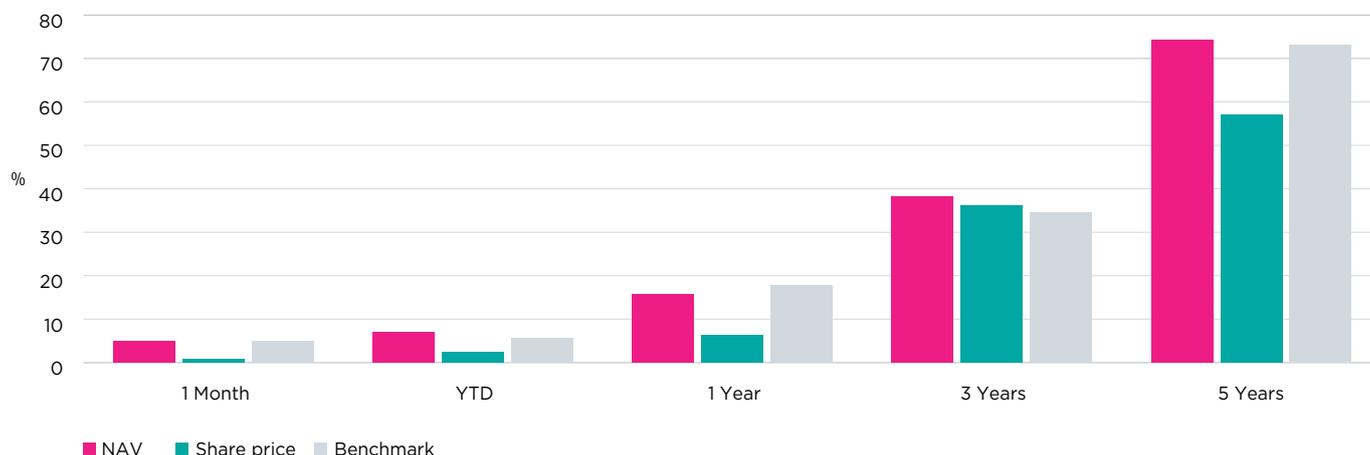
Management fee rate**:	0.30% p.a. based on Market Capitalisation up to £4.0 billion and 0.25% above £4.0 billion
Total expenses:	0.45%
Ongoing charges**:	0.49%
Year end:	31 December
Sector:	Global
Currency:	Sterling
Website:	fandc.com   fandc.co.uk

\*\*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 29.02.24



## Cumulative performance as at 29.02.24 (%)

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	4.99	6.98	15.67	38.27	74.16
Share price	0.82	2.45	6.25	36.13	57.07
Benchmark	4.90	5.62	17.68	34.57	73.08

## Discrete annual performance as at 29.02.24 (%)

	2024/23	2023/22	2022/21	2021/20	2020/19
NAV	15.67	5.36	13.46	19.57	5.34
Share price	6.25	14.35	12.05	14.22	1.02
Benchmark	17.68	1.78	12.35	18.84	8.23

**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	2.0
Alphabet	1.8
Broadcom	1.8
Amazon	1.7
Apple	1.4
Meta Platforms	1.4
Mastercard	1.2
Eli Lilly	1.1
Lowe's Companies	1.0
Taiwan Semiconductor Manufacturing Company	0.9
Comcast	0.8
Visa	0.7
Wells Fargo	0.7
KLA	0.7
Novo Nordisk	0.6
AbbVie	0.6
Marathon Petroleum	0.6
Keyence	0.6
Bristol Myers Squibb	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	9.3
Europe ex UK equity	10.4
North America equity	59.4
Japan equity	6.1
Pacific ex Japan equity	3.5
Emerging markets equity	8.6
Liquidity	2.7
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 29.02.2024 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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