

# F&C Investment Trust

March 2025



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Fund Manager and Head of Multi-Asset Solutions



# Investment risk

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.

# Annual performance

Percentage growth 12m to December	2024	2023	2022	2021	2020
F&C Investment Trust Share Price TR*	16.9	8.1	-0.9	19.4	4.6
F&C Investment Trust NAV**	21.0	11.3	-5.3	21.7	12.3
Benchmark	19.3	15.1	-7.7	19.5	12.4

The performance shown represents annual returns for 12-month periods ending on the dates indicated.

## Past performance should not be seen as an indication of future performance

\*TR: Total Return. This is the combination of capital appreciation and dividend income

\*\*NAV: Net Asset Value. This is the gross assets held within the company, minus any liabilities.

**Source:** Columbia Threadneedle Investments as at 31 December 2024. The performance shown represents annual returns for 12-month periods ending on the dates indicated . Performance shown is net of fees.  
Benchmark: FTSE All World Total Return Index This does not constitute a recommendation to buy or sell any particular security. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.



# Serving retail shareholders for over 150 years

- World's oldest investment trust
- A dividend paid every year since 1868
- 54 years of consecutive dividend rises\*
- 11 managers in 150 years, three since 1969
- Started investing in bonds, 95% equity by 1965
- First equity investments in 1925 (Shell)
- Investing in private markets since 1942
- £5.5bn market cap, total assets £6.4bn
- FTSE 100 constituent

**There is no guarantee that dividends will continue to increase**

Source: Columbia Threadneedle Investments as at 28 February 2025. For illustrative purposes only  
\*Includes 2024 dividend



# F&C Investment Trust – a core global growth portfolio



## Aim

- Long term growth in capital and income



## Approach

- Exposure to listed and unlisted global growth assets
- Blend of focused active strategies
- Commitment to net zero carbon portfolio by 2050 or earlier



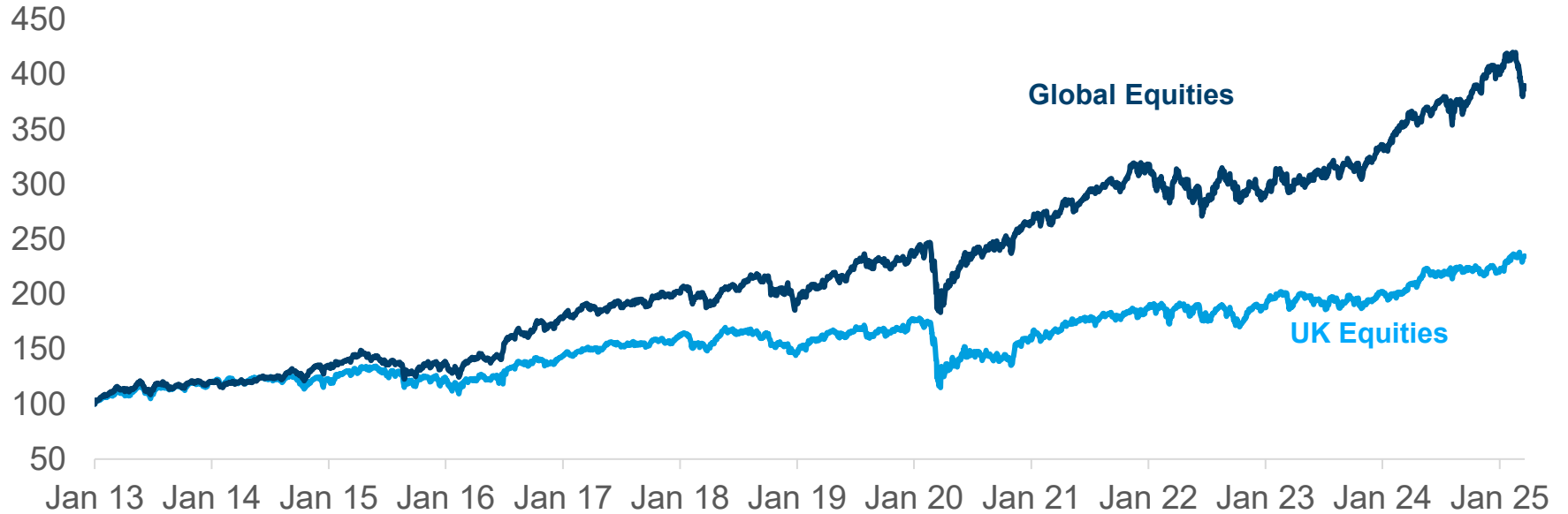
## Outcome

- Consistent performance delivery
- Value for money



# 1. Global exposure

## Global equity vs UK equity returns (in £)

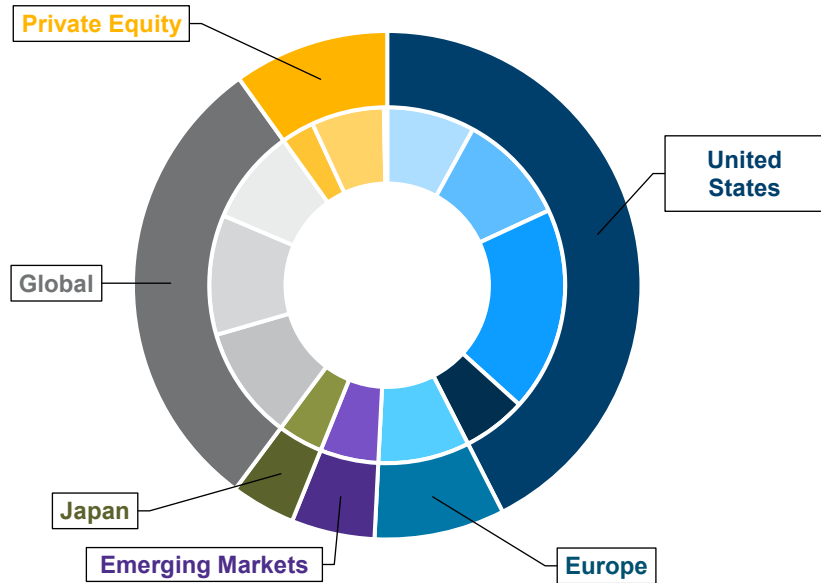


Source: Columbia Threadneedle Investments as at 18<sup>th</sup> March 2025. For illustrative purposes only



## 2. “One-stop shop” for listed and private equity

### Diversified by strategy

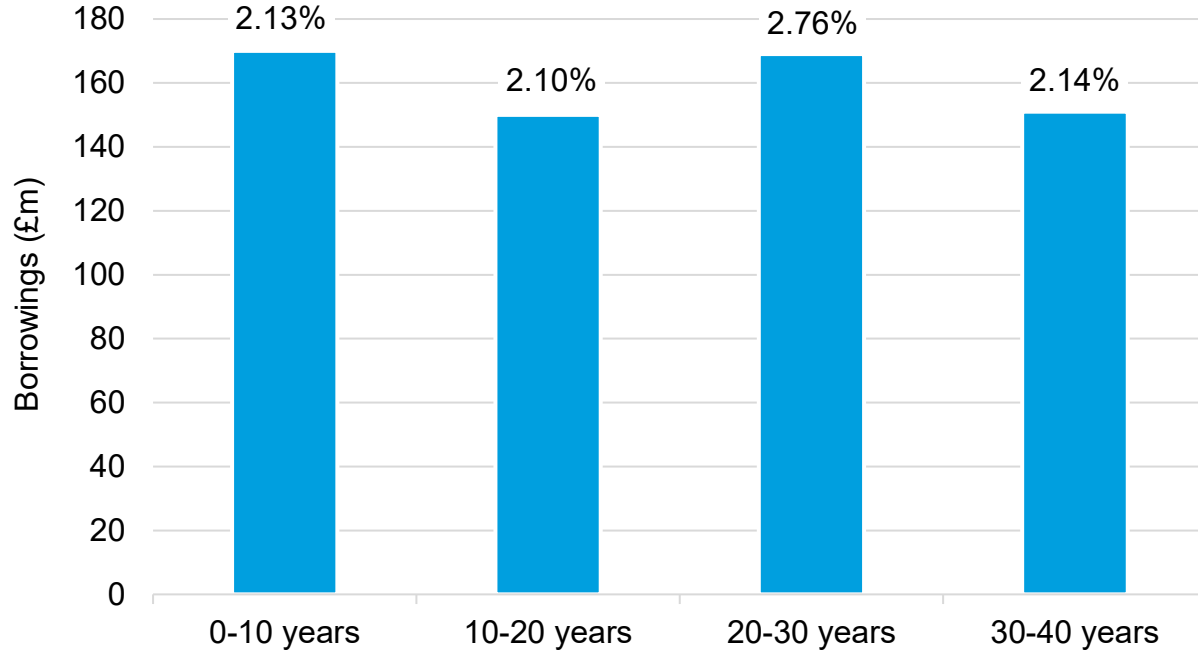


Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024. For illustrative purposes only

### Top ten listed holdings

	£m	%
Nvidia	248	4.0
Microsoft	168	2.7
Apple	164	2.7
Alphabet	149	2.4
Amazon	131	2.1
Meta	105	1.7
Mastercard	96	1.6
TSMC	66	1.1
Broadcom	61	1.0
Booking Holdings	52	0.9

### 3. Low-cost fixed rate debt



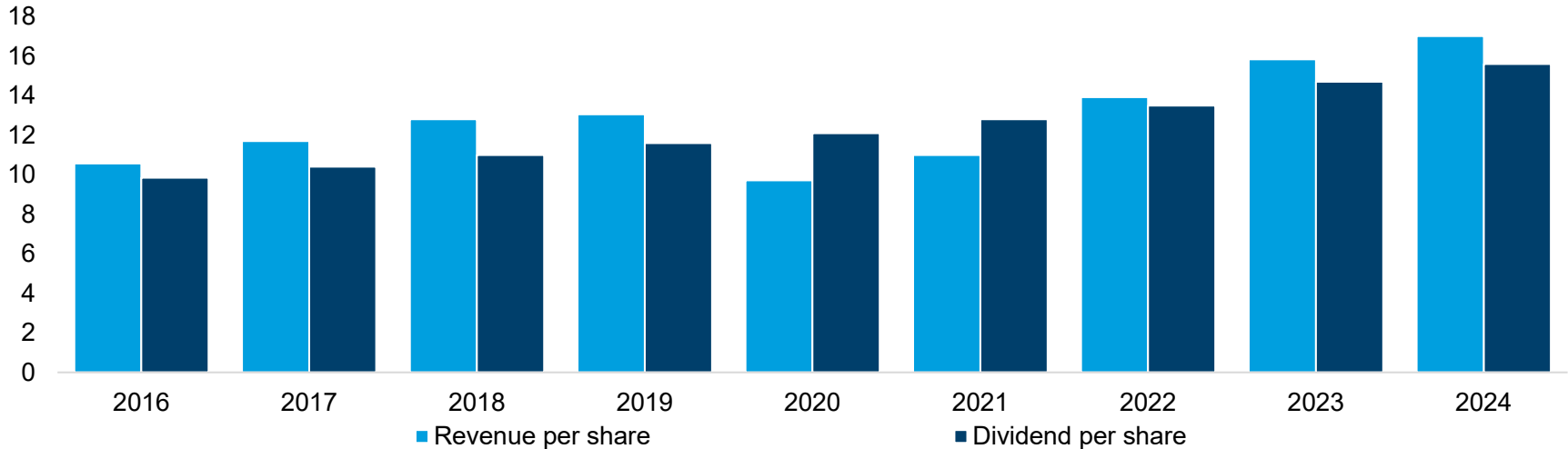
- Average cost of debt down from over 7% at end 2013 to 2.4%
- Rate on long-dated debt as low as 1.87% for 2061 borrowings

Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024.

## 4. Growing dividends and revenue

- Focus on total return – balance income needs with capital considerations
- Commitment to continue real rises in dividends in the long run

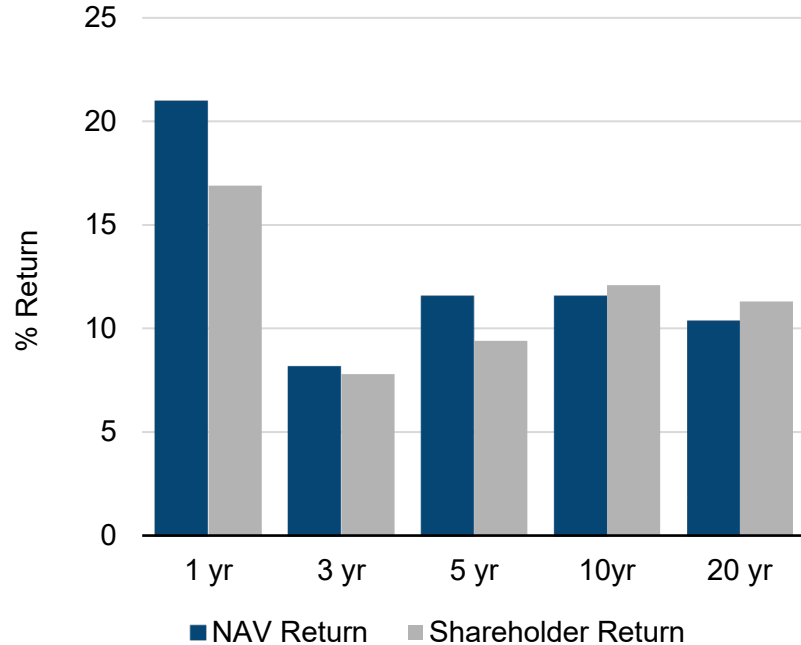
### Net revenue return and dividend per share (p)



Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024. There is no guarantee that dividends will continue to increase

# 5. Strong performance

## F&C Annualised Returns



## F&C Quartile rankings (vs AIC peers)\*

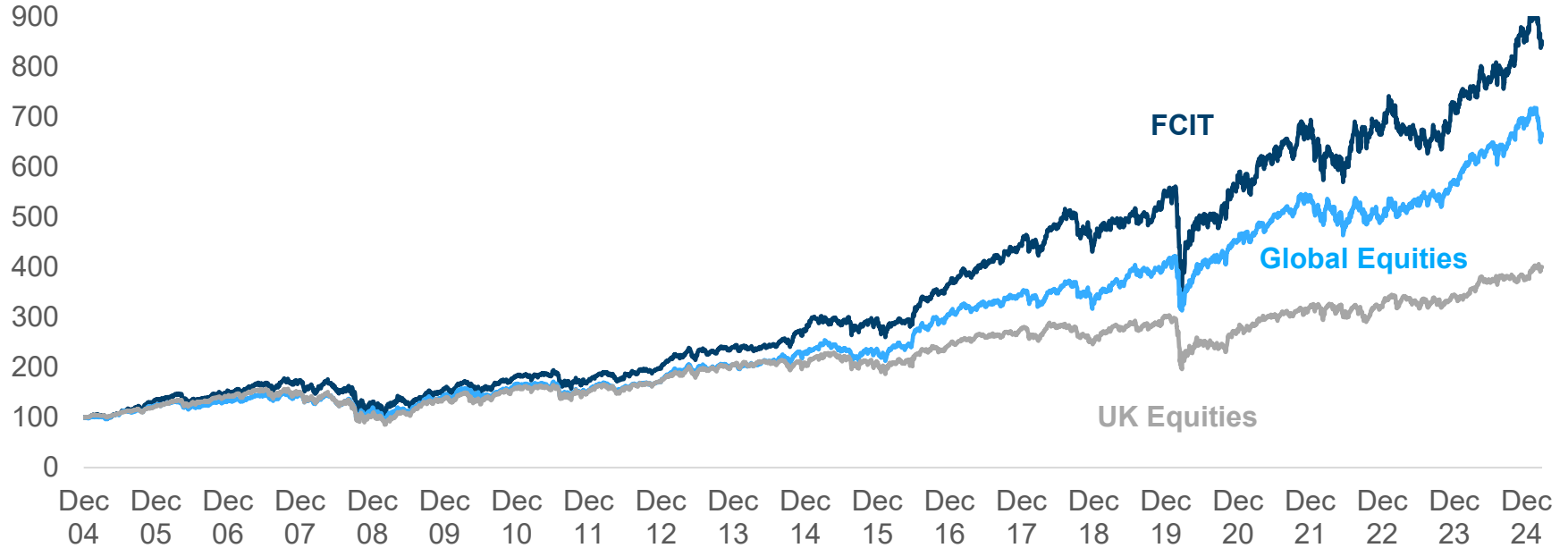
Period	NAV Return	Shareholder Return
1 yr	1 <sup>st</sup>	2 <sup>nd</sup>
3 yrs	1 <sup>st</sup>	1 <sup>st</sup>
5 yrs	1 <sup>st</sup>	2 <sup>nd</sup>
10 yrs	2 <sup>nd</sup>	2 <sup>nd</sup>
20 yrs	1 <sup>st</sup>	2 <sup>nd</sup>

Quartile rankings: The quartile rank measures where a given value falls concerning the rest of the data set. The first quartile is the value at which 25% of the data lies below it; the second quartile is the value at which 50% lies below it, and so on. AIC: The Association of Investment Companies is the United Kingdom trade association for the closed-ended investment company industry. NAV: Net Asset Value: represents the value of an investment fund, calculated by subtracting the fund's liabilities from its total assets. Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024



# 5. Strong performance

## F&C Shareholder Total Returns vs Global and UK Equities

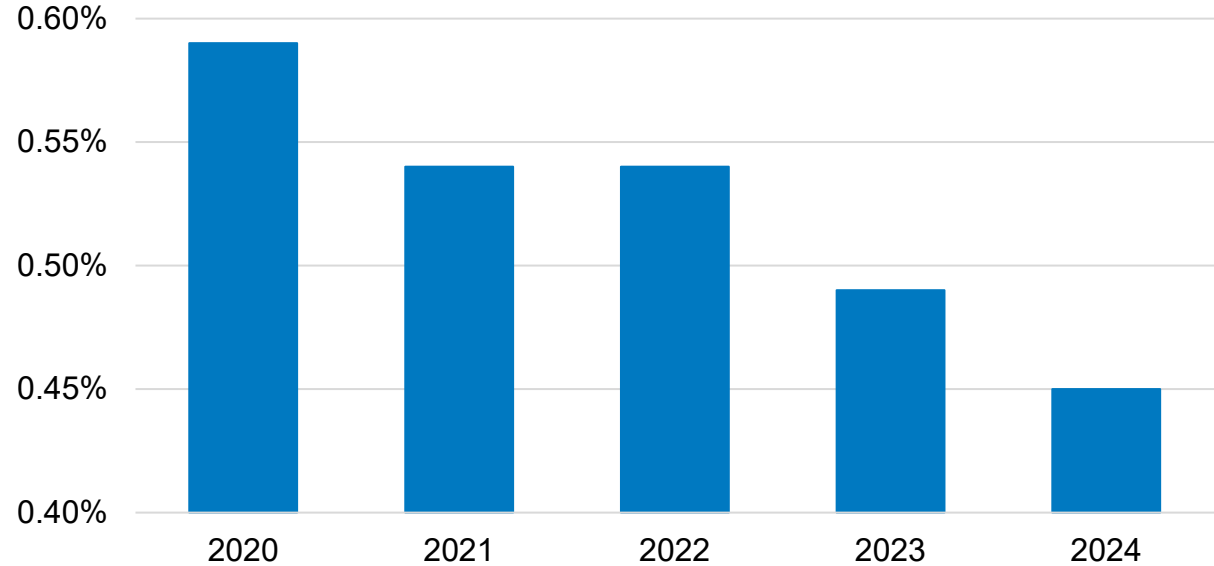


Source: Columbia Threadneedle Investments as at 20<sup>th</sup> March 2025

## 6. Value for money

- Further reduction in OCF\* to 0.45% (from 0.49%)
- Management fees based on market capitalisation – ensuring shareholder alignment

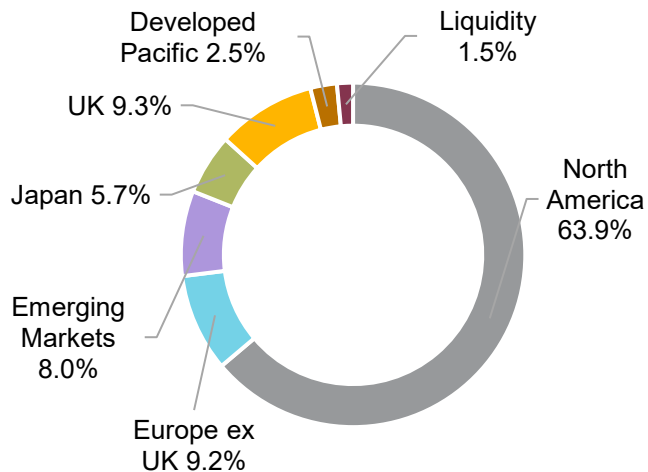
Ongoing Charges Figure (OCF)\*



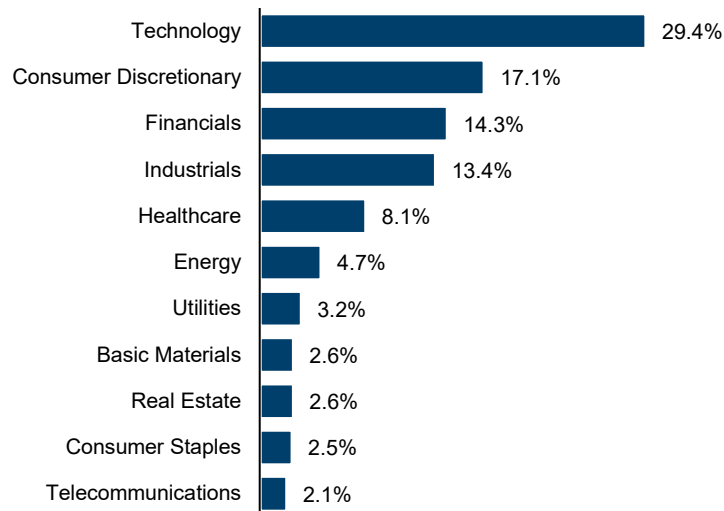
\* Ongoing Charges Figure is the cost, expressed as a percentage, of the wide variety of costs of running the fund into account, such as operating costs, annual management charge (AMC), administrative costs and transaction charges incurred as a result of buying or selling investments.  
Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024.

# Look-through exposure

## Fund weight by region (inc. Private Equity)



## Listed equity sector exposure



Source: Columbia Threadneedle Investments as at 31<sup>st</sup> December 2024. "Fund weight by region" includes Liquidity and Private Equity exposures

# Market Perspective



# Key global issues



A new US President with radical plans



Game changing move in Germany

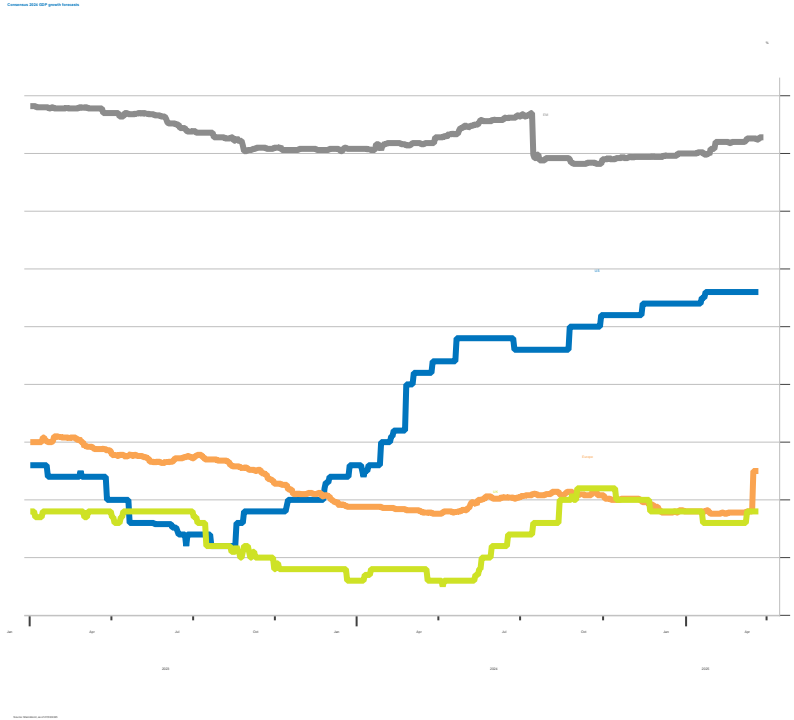


Is US exceptionalism over?

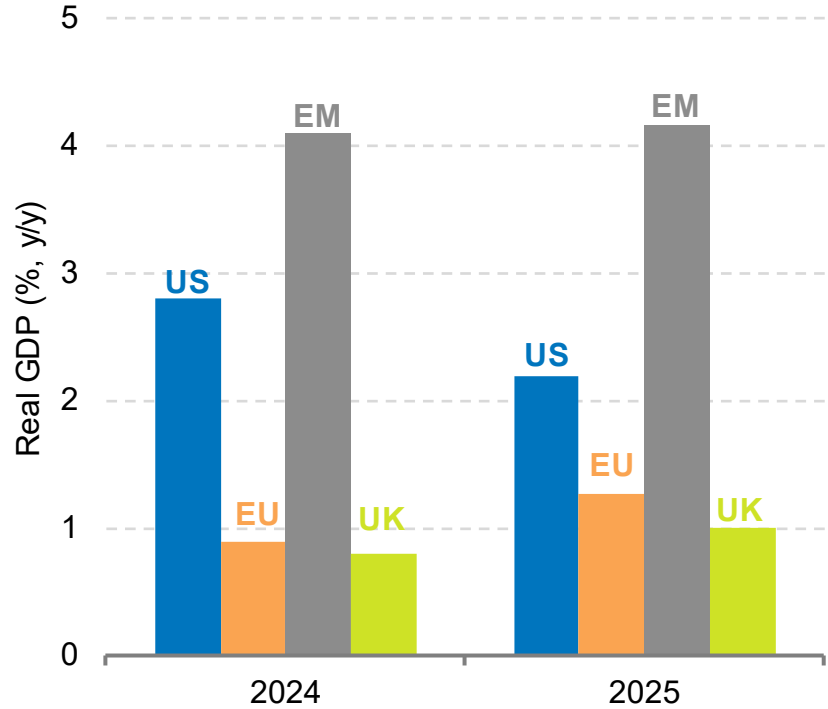


Implications for markets

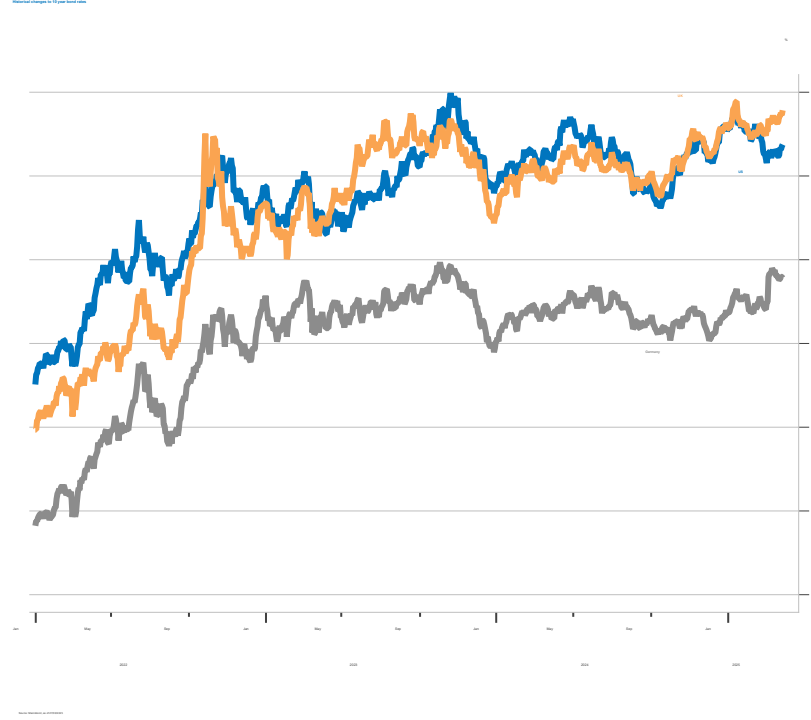
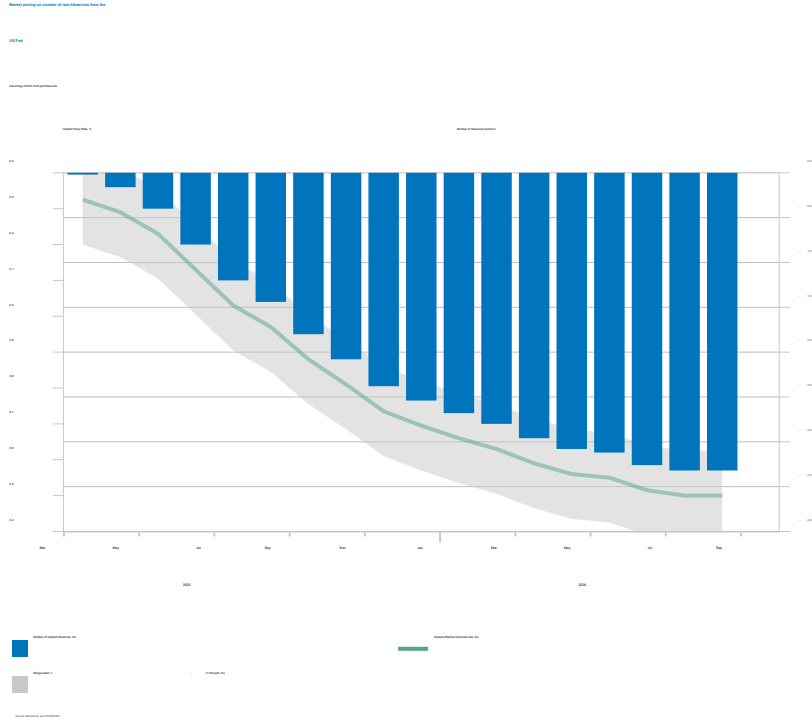
# Growth forecasts for different regions



## Consensus 2024 and 2025 GDP forecasts

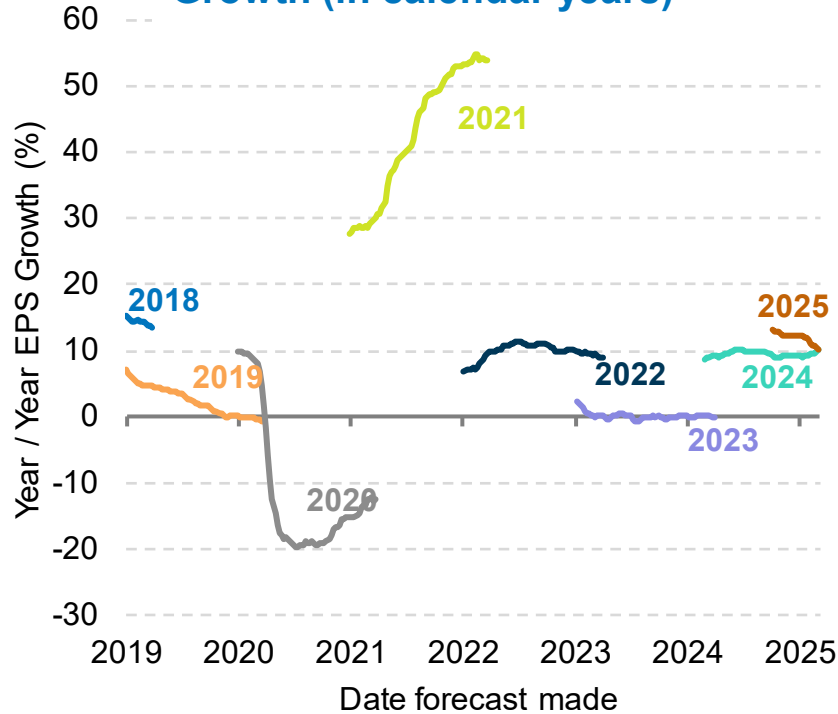


# Markets' implied expectations of future interest rate cuts

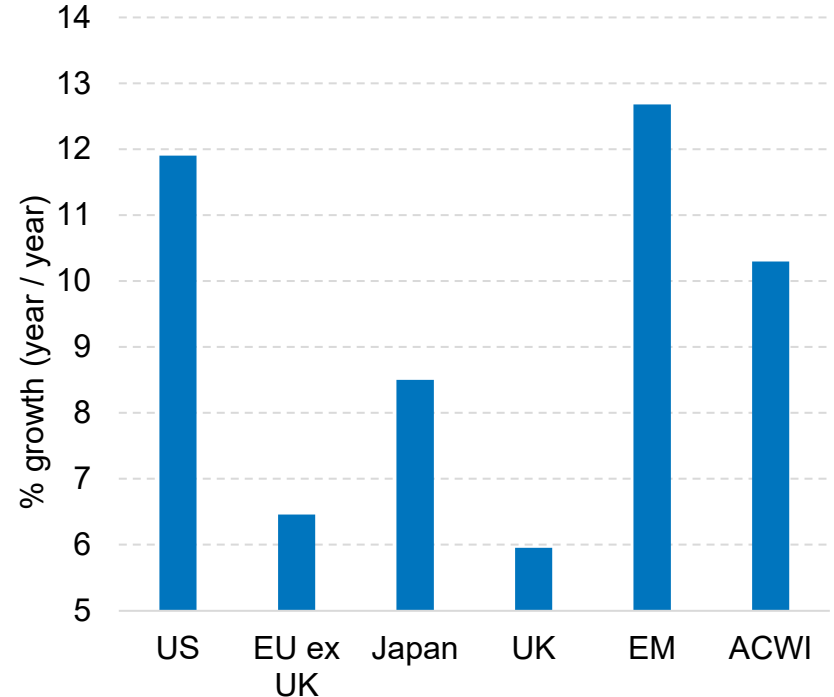


# Earnings outlook

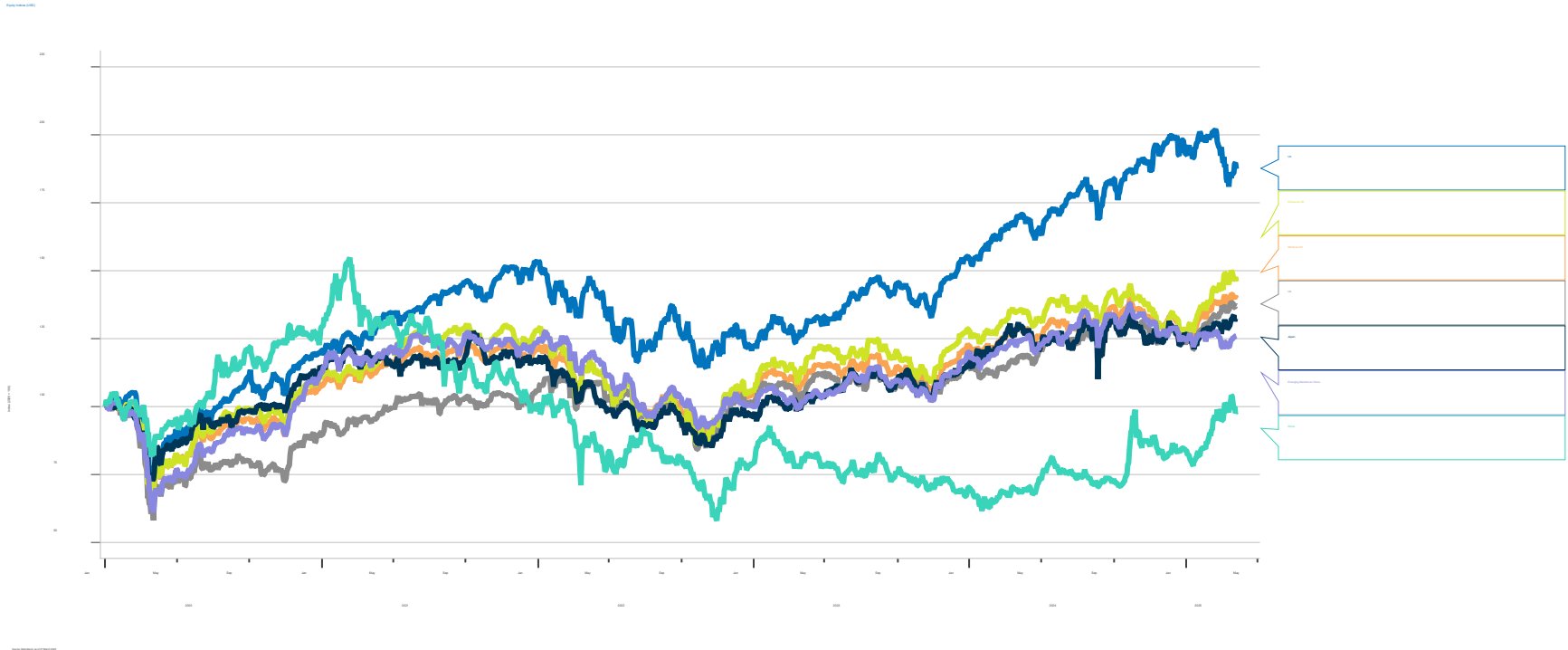
## MSCI World Earnings per Share (EPS) Growth (in calendar years)



## Regional Earnings per Share Growth (for 2025 fiscal year)



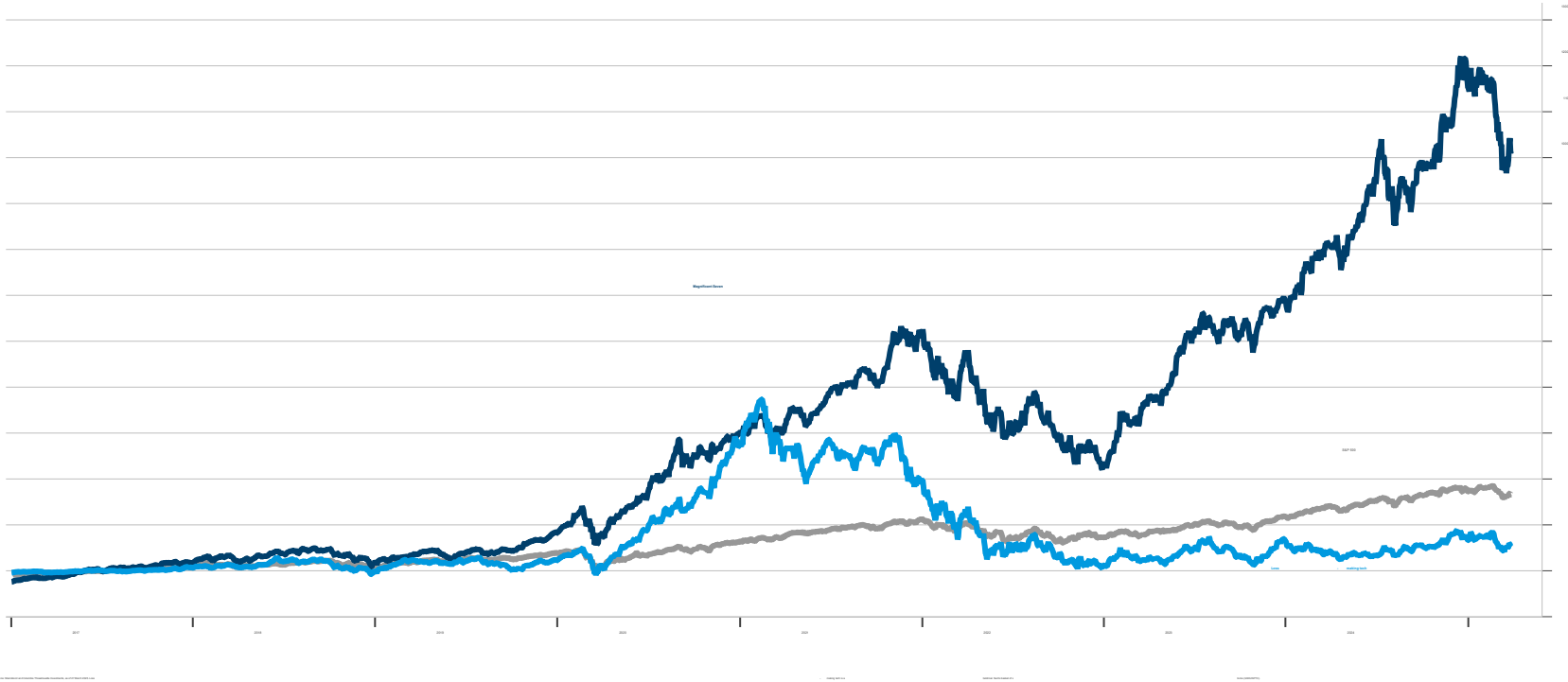
# US equity performance has been world beating





# Market leadership has been narrow in equities

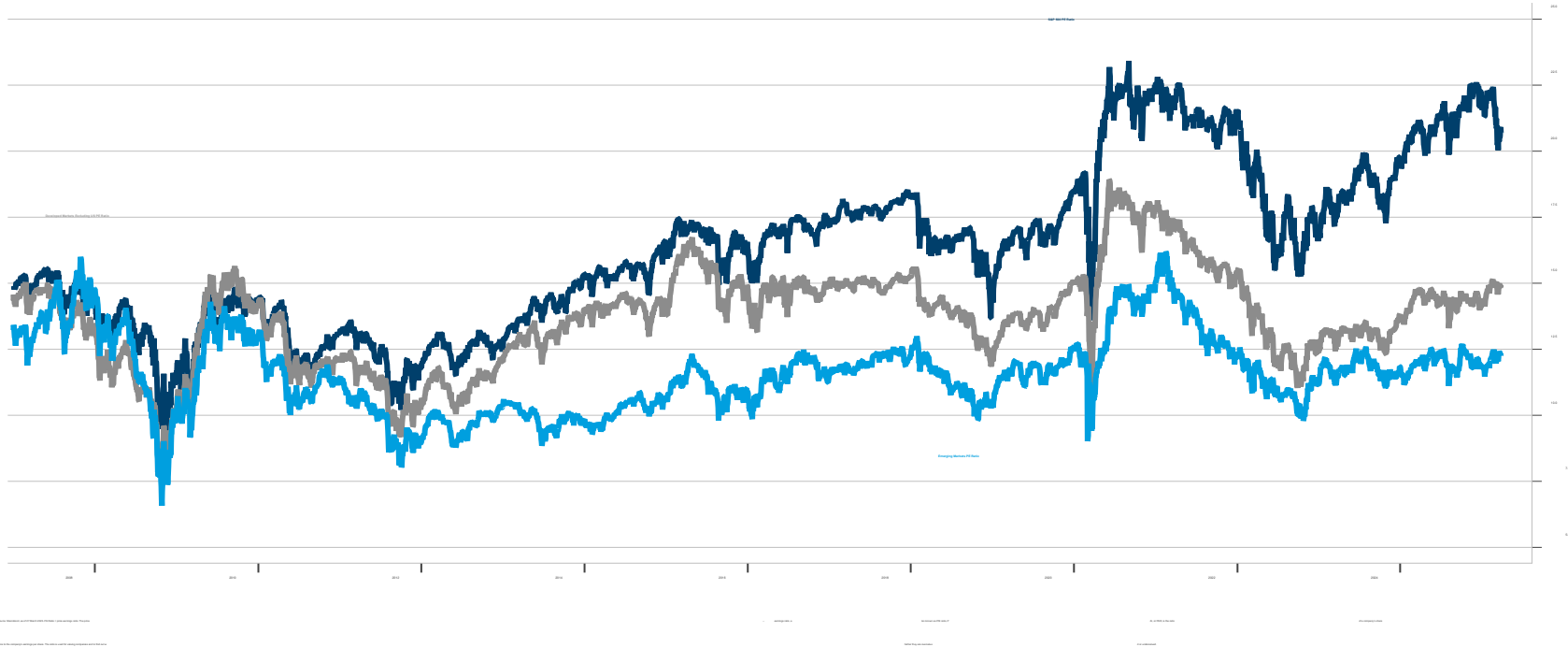
Magnificent 7 stocks vs the market and loss-making technology stocks





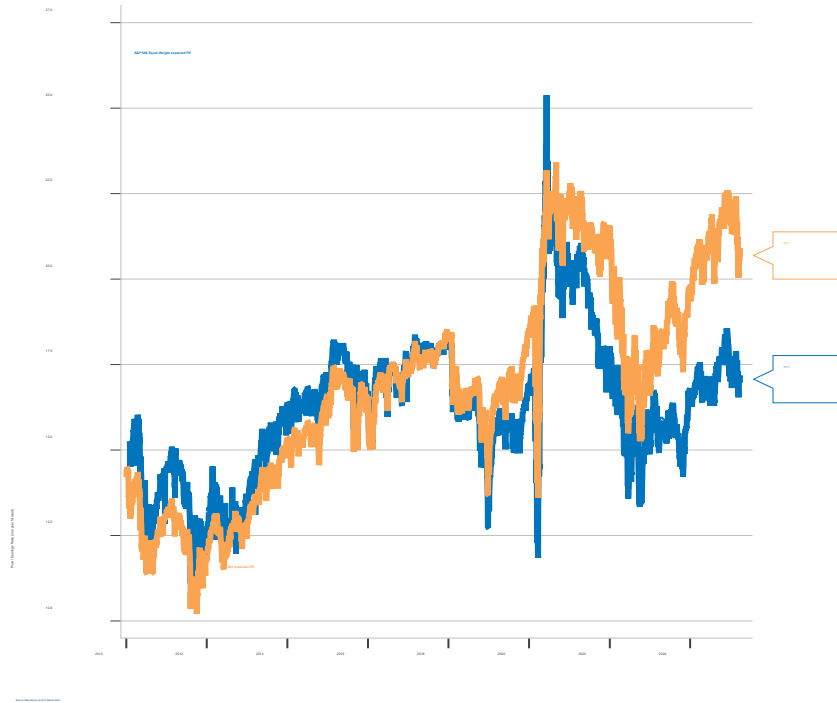
# Valuations in the US are high relative to earnings

## Forward PE multiples

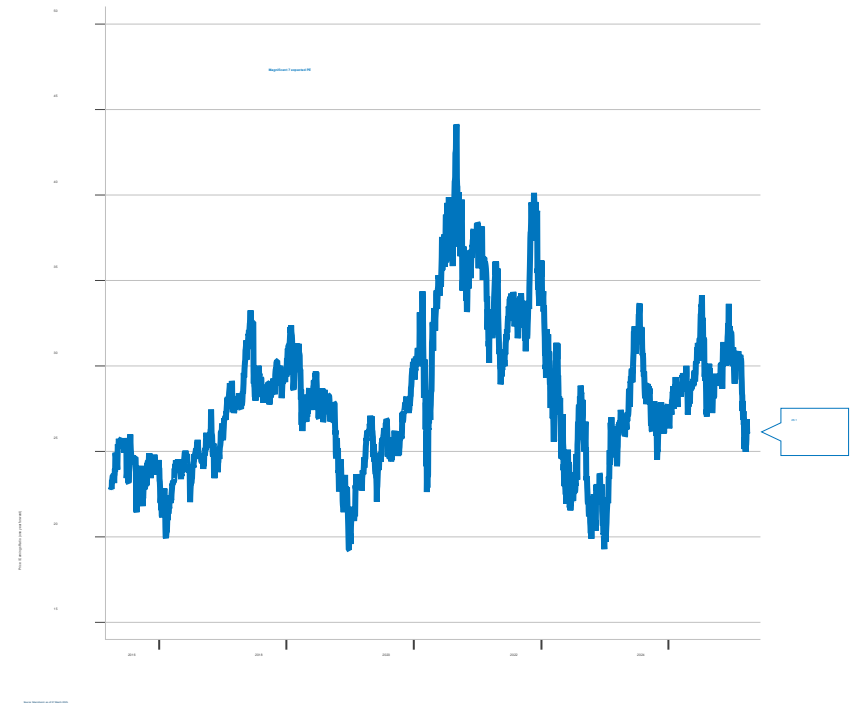


# Equity Valuations

Equally weighted valuations appear fair



Magnificent 7 forward PE has adjusted materially



# Conclusions



Trump's tariffs bad for the world economy, bad for manufacturing, impact on the US greater than expected



Eurozone domestic economy to see slow steady improvement. Big change in Germany. Tariffs remain a threat.



UK faces severe fiscal dilemma. May improve in 2026.



Low inflation and falling interest rates make equities attractive... but there's a lot priced in.

# Glossary

- **Price/Sales Ratio:** The ratio describes how much someone must pay to buy one share of a company relative to how much that share generates in revenue for the company.
- **Price/Earnings Ratio:** A way to measure how expensive a company's shares are
- **Dividend Yield:** A financial ratio that tells you the percentage of a company's share price that it pays out in dividends each year.
- **Gross Margin:** The portion of a company's revenue left over after direct costs are subtracted.
- **Operating Margin:** This represents how efficiently a company is able to generate profit through its core operations.
- **Return on Equity (ROE):** The measure of a company's net income divided by its shareholders' equity. It is a gauge of a corporation's profitability and how efficiently it generates those profits.
- **Net Debt / EBITDA:** A leverage ratio that compares a company's liabilities in the form of net debt to its "cash flow," in the form of EBITDA (stands for earnings before interest, taxes, depreciation and amortization).
- **Mergers and acquisitions (M&A):** Refers to the consolidation of companies or their major assets through financial transactions between companies
- **Bottom Up:** This is an approach a fund manager may use when investing that starts with local or company-specific variables and then expand outward.
- **Mean Reversion:** Mean reversion is a theory implying that asset prices and historical returns gradually move towards the long-term mean.
- **NTM:** Next Twelve Months
- **NAV:** Net Asset Value
- **Gearing:** Gearing refers to the relationship, or ratio, of a company's debt-to-equity (D/E).
- **Discrete Performance:** This shows you the gain or loss of a funds price/NAV as a percentage over a defined time period.

Source: Investopedia

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