



Delivering Consistent Returns in Volatile Markets

AIC Investment Company Showcase

October 2022

For retail and professional investors

Investment risk



The value of investments is dependent on the supply and demand for the shares of the Investment Trust rather than its underlying assets. The value of your investment will not be the same as the value of the Investment Trust's underlying assets.

Gearing is used for investment purposes to obtain, increase or reduce exposure to an asset, index or investment. The use of gearing can enhance returns to investors in a rising market, but if the market falls the losses may be greater.

Discrete performance



Percentage growth 12m to September	2022	2021	2020	2019	2018
F&C Investment Trust Share Price TR	6.3	27.8	-1.8	-0.8	20.9
F&C Investment Trust NAV	-1.6	25.7	4.4	4.6	14.3
Benchmark	-5.7	22.2	5.2	7.2	12.8



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

Source: Columbia Threadneedle Investments as at 30 September 2022. The discrete annual performance table refers to 12-month periods, ending at the date shown. Performance shown is net of fees. Benchmark: FTSE All World Total Return Index.

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F&C Investment Trust

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THE
FOREIGN AND COLONIAL GUARANTEE TRUST.
(FIFTH ISSUE)
COUPON OF REVERSION, No. 5713

This is to certify that the Holder of this Coupon will, on the First Division of the Funds of the Fifth Series of the above mentioned Trust, after satisfaction of all Certificates and Interests entitled to an equal Seven thousand five hundred and forty two pence net proceeds of such Trusts in accordance with the terms of the Deed of Trust, a copy of which is endorsed on the Certificate to which this Coupon is attached.

Dated this 25th day of February 1878

Signed *P. Roe* SECRETARY.
G. F. W. TOLSON, STREET WESTMINSTER, GREAT BRITAIN.

Entered *1878* The Coupons are numbered from £1 to £7,500.

*Deane & Co. Ltd.
London & Carlisle
Manchester & Glasgow
Edinburgh & Cardiff*

TRANSFER

- World's oldest investment trust
- A dividend paid every year since 1868
- 51 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
- £4.7bn market cap, net assets £4.8bn

Agenda



I. Market perspectives

II. F&C Investment Trust

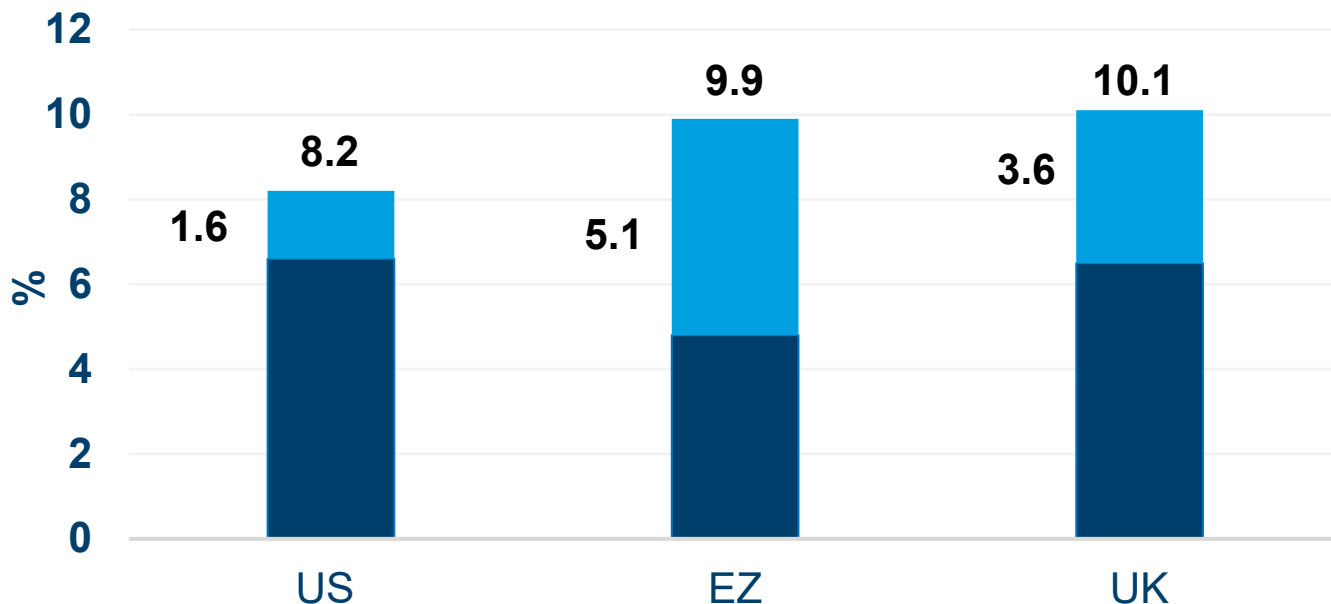
III. Q&A

I. Market perspectives

Current inflation rates

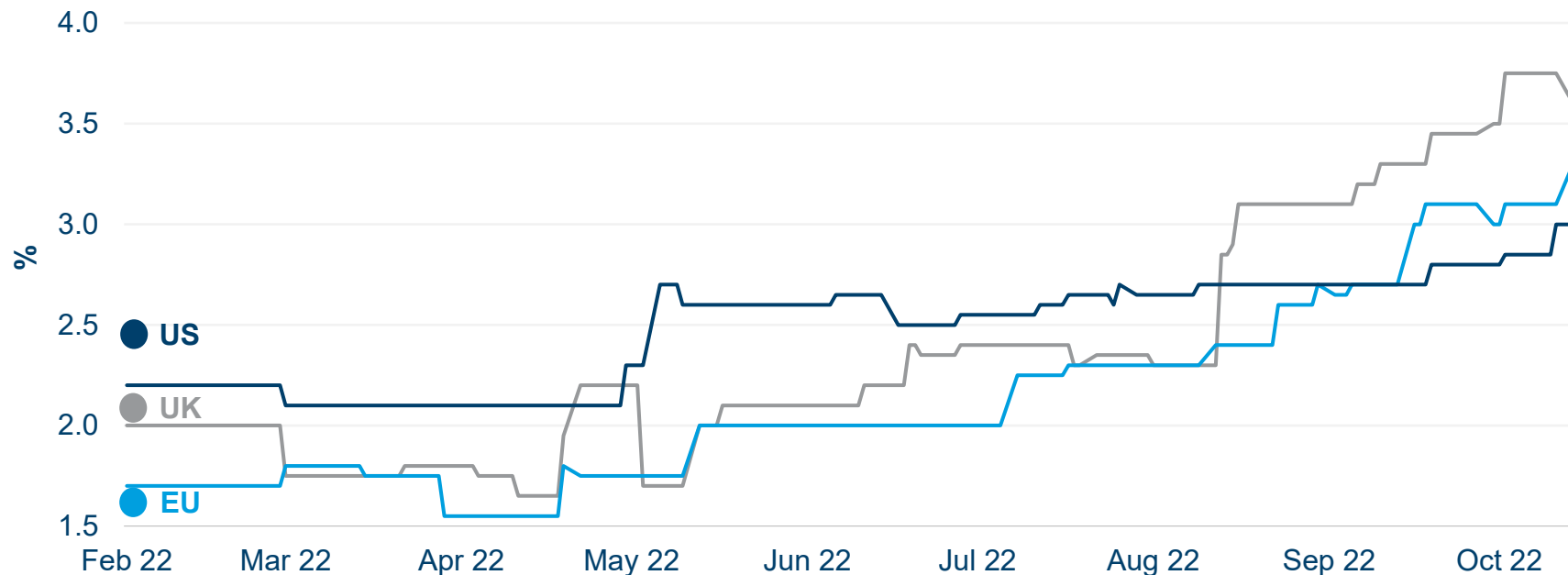
Consumer price inflation % year on year

 = contribution of food and energy



Inflation forecasts for 2023 started low ...

Consensus expectations for 2023Q4 consumer prices



Source: Columbia Threadneedle Investments, Bloomberg as at 17 October 2022

Estimates and forecasts are provided for illustrative purposes only. They are not a guarantee of future performance and should not be relied upon for any investment decision. Estimates are based on assumptions and subject to change without notice.

US labour market still very tight

US Unemployment Rate (%)



Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022

Driving US wage growth higher

Atlanta Fed wage tracker, hourly weighted, 3 month moving average



Source: Columbia Threadneedle Investments and Atlanta Federal Reserve as at 17 October 2022. Estimates and forecasts are provided for illustrative purposes only. They are not a guarantee of future performance and should not be relied upon for any investment decision. Estimates are based on assumptions and subject to change without notice.

US rate expectations

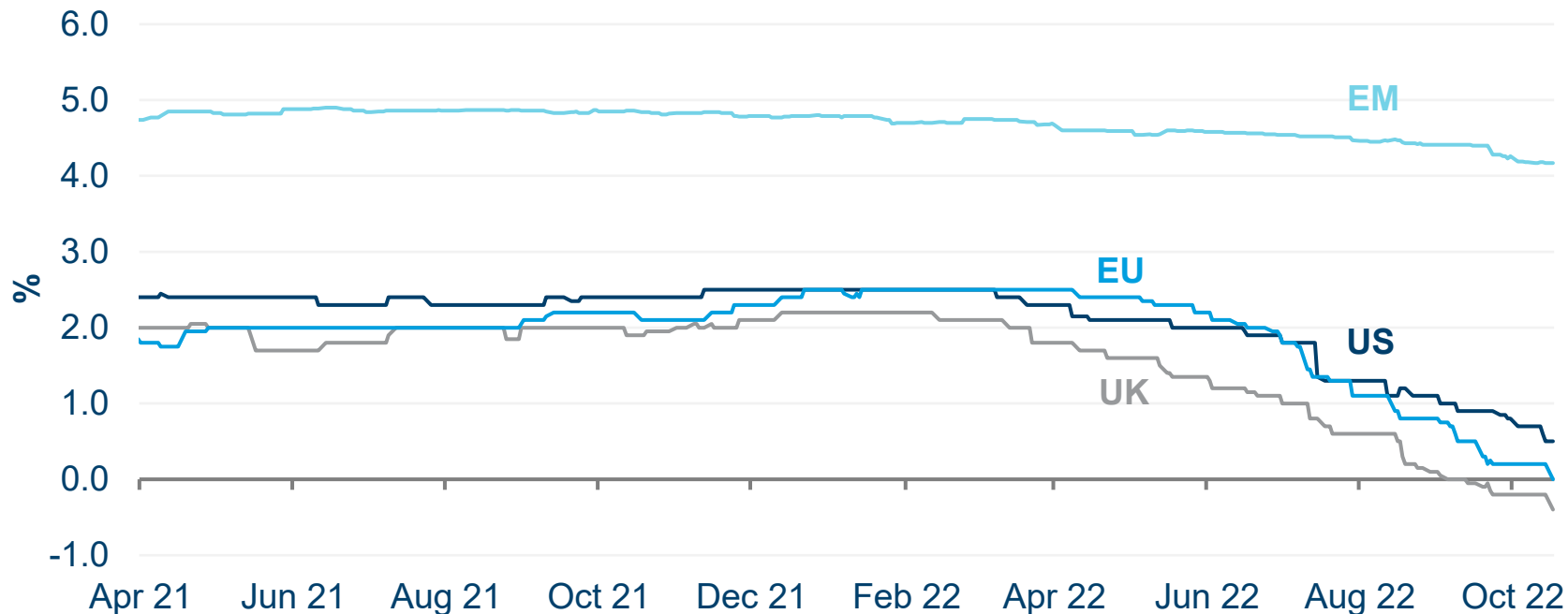
Estimated US forward rate for Feb 2023



Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022

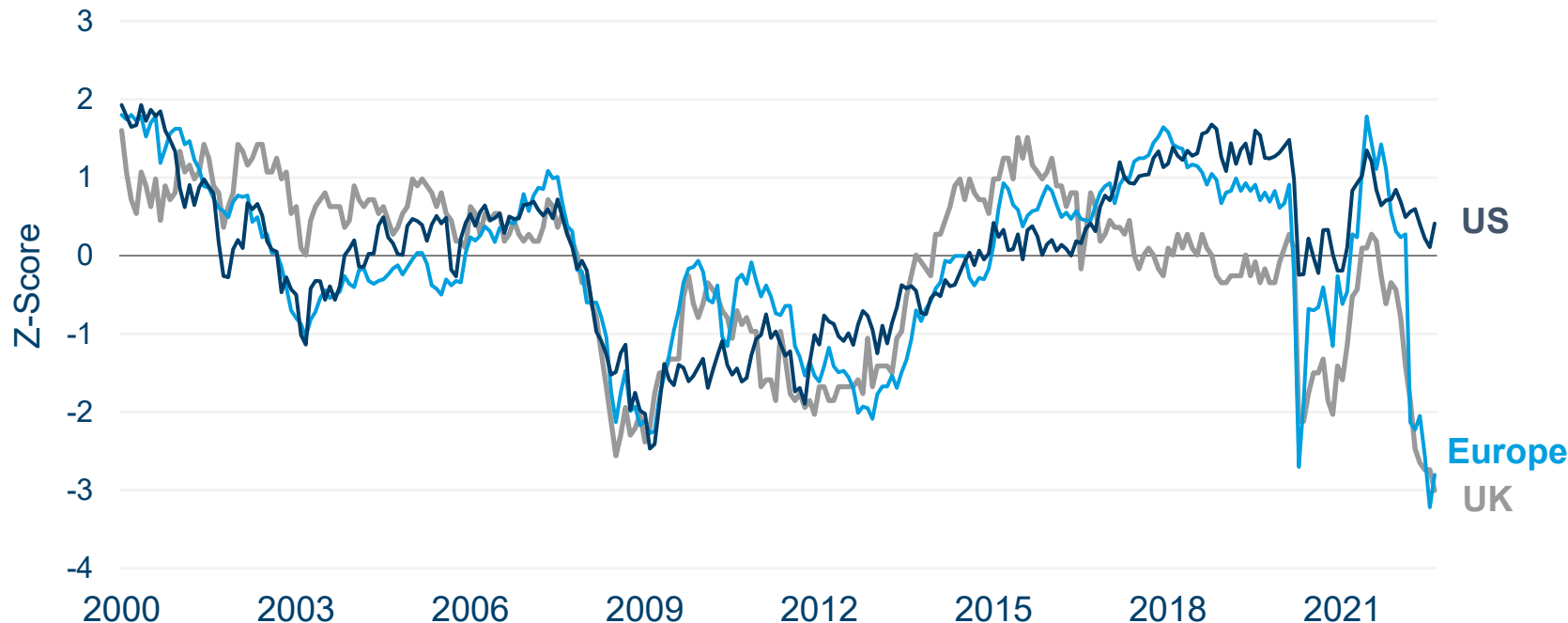
Growth being revised down

Consensus growth forecasts for 2023 GDP growth



Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022. Estimates are based on assumptions and subject to change without notice.

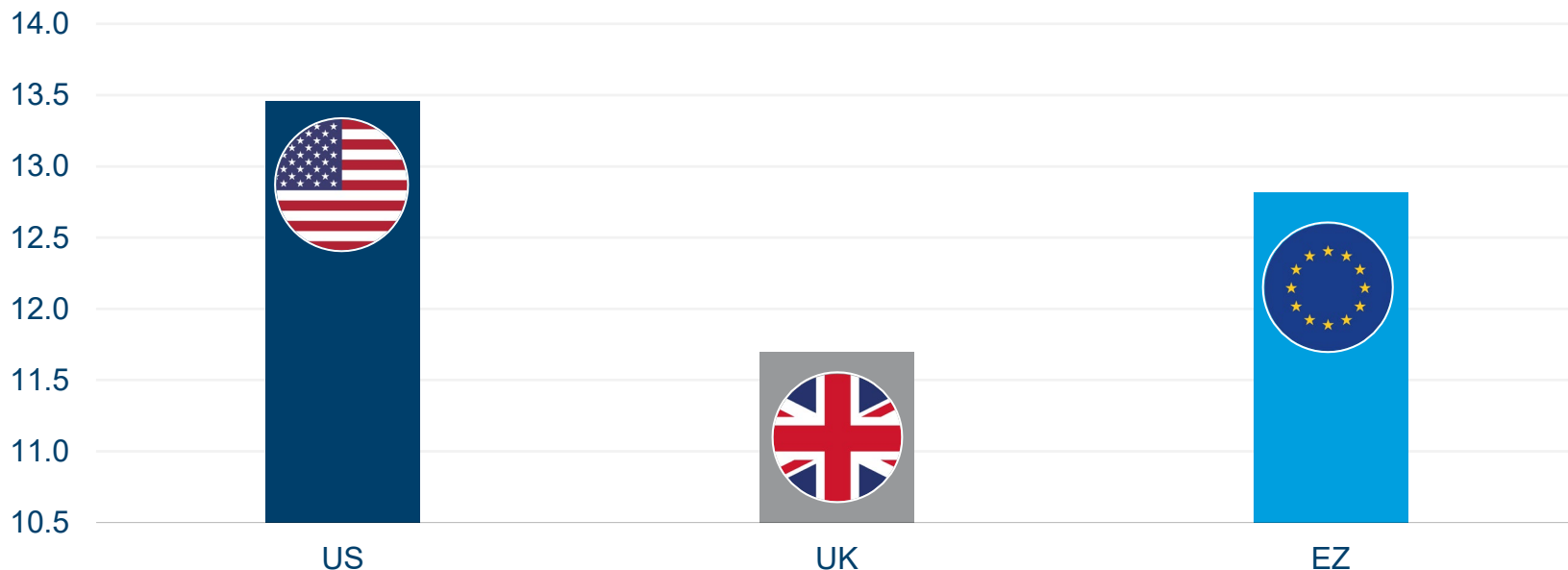
Consumers are deeply depressed in Europe and the UK



Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022. Z-scores with mean and standard deviation only from Jan 2000 to December 2019 to remove distortions over Covid period.

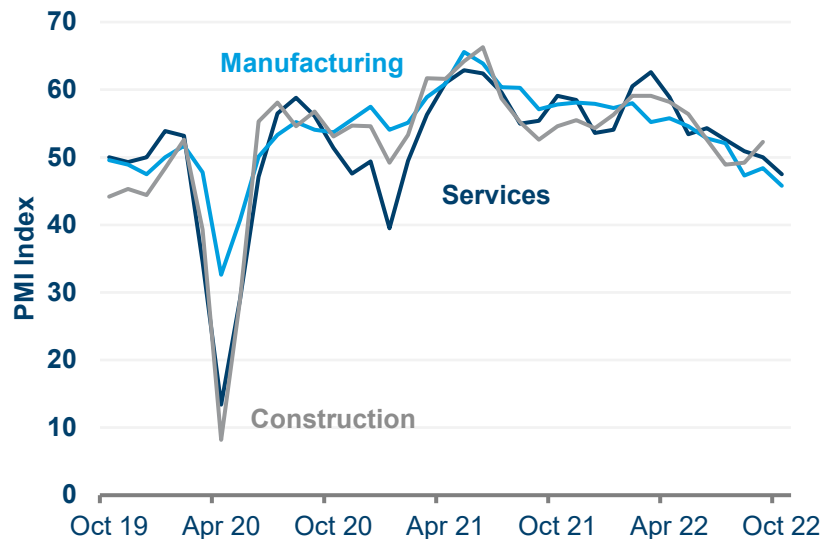
Covid 'piggy banks': Huge store of spending power especially in US

Defined as cumulative saving in excess of pre-covid average as a % of personal/household income

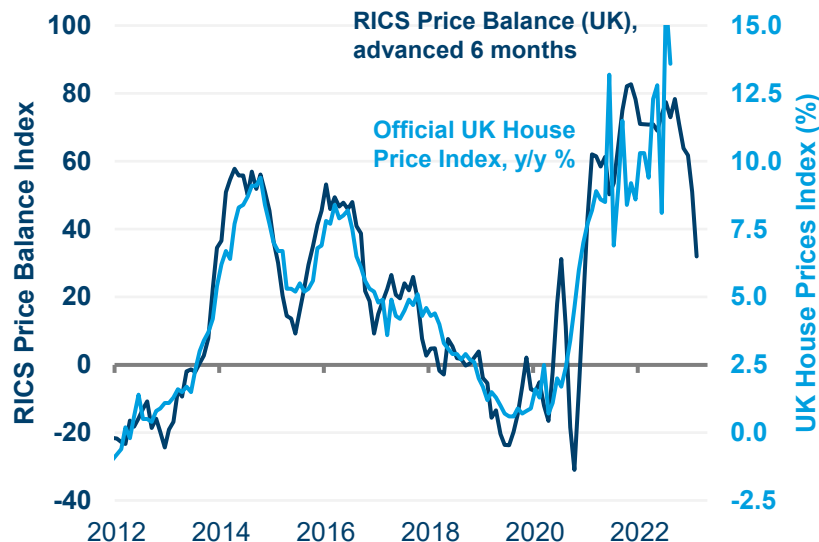


UK PMIs decline and housing starting to turn down

PMIs fall below 50...



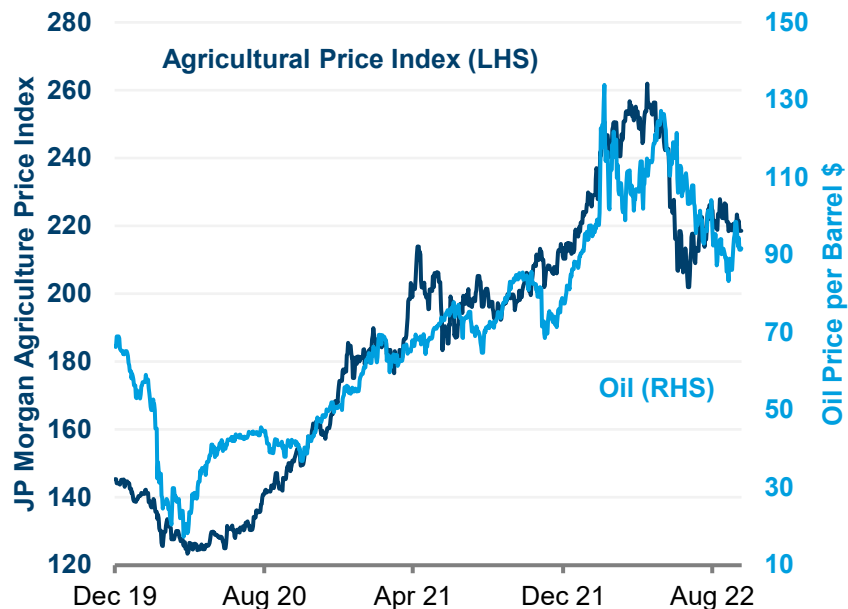
...house prices set to fall



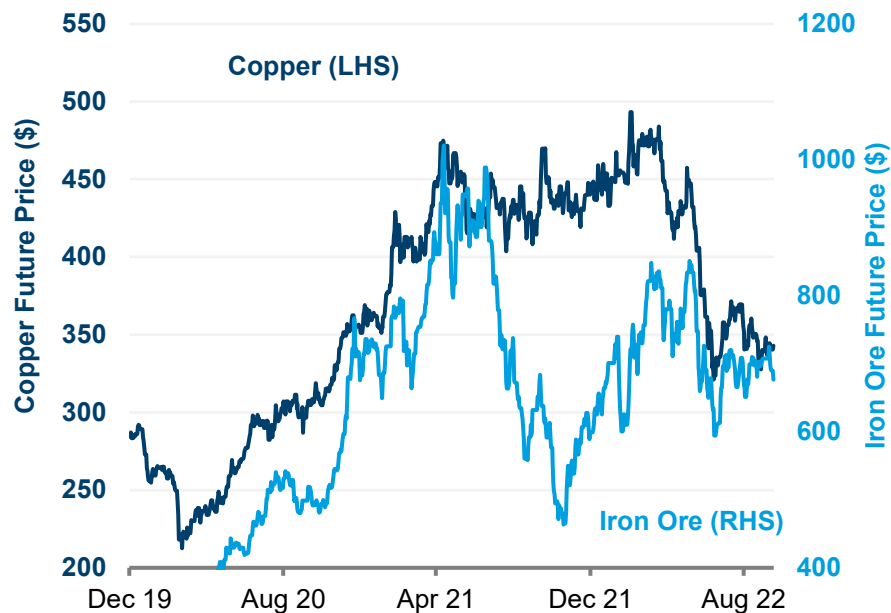
Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022

Commodity prices fall

Oil finally succumbs to recession fears ...



... a major turn lower in metals?



Source: Bloomberg and Columbia Threadneedle Investments as at 17 October 2022

Government bonds no longer a safe haven

10 year UK gilt yield (%)

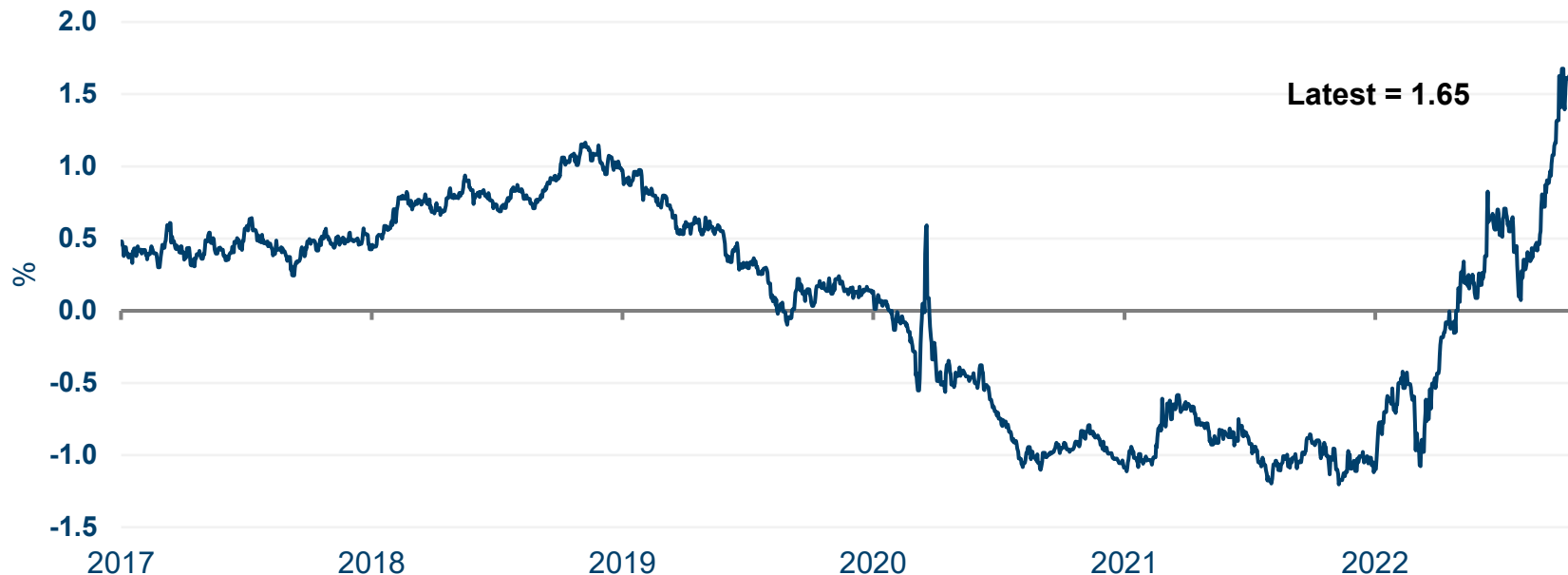


Source: Columbia Threadneedle Investments and Bloomberg, as at 19 October 2022

Past performance is not an indication of future performance.

Real rates have surged

Yield on 10-year US inflation protected security

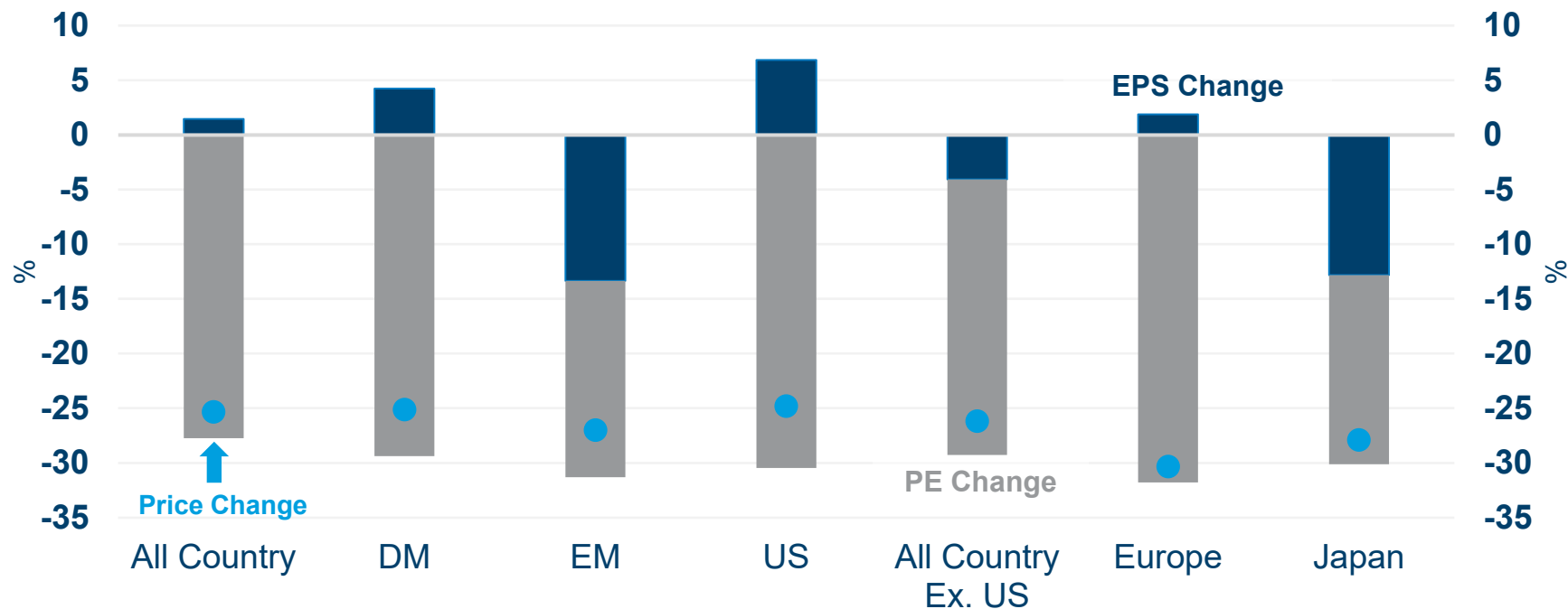


Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022

Past performance is not an indication of future performance.

Recent equity losses driven by derating

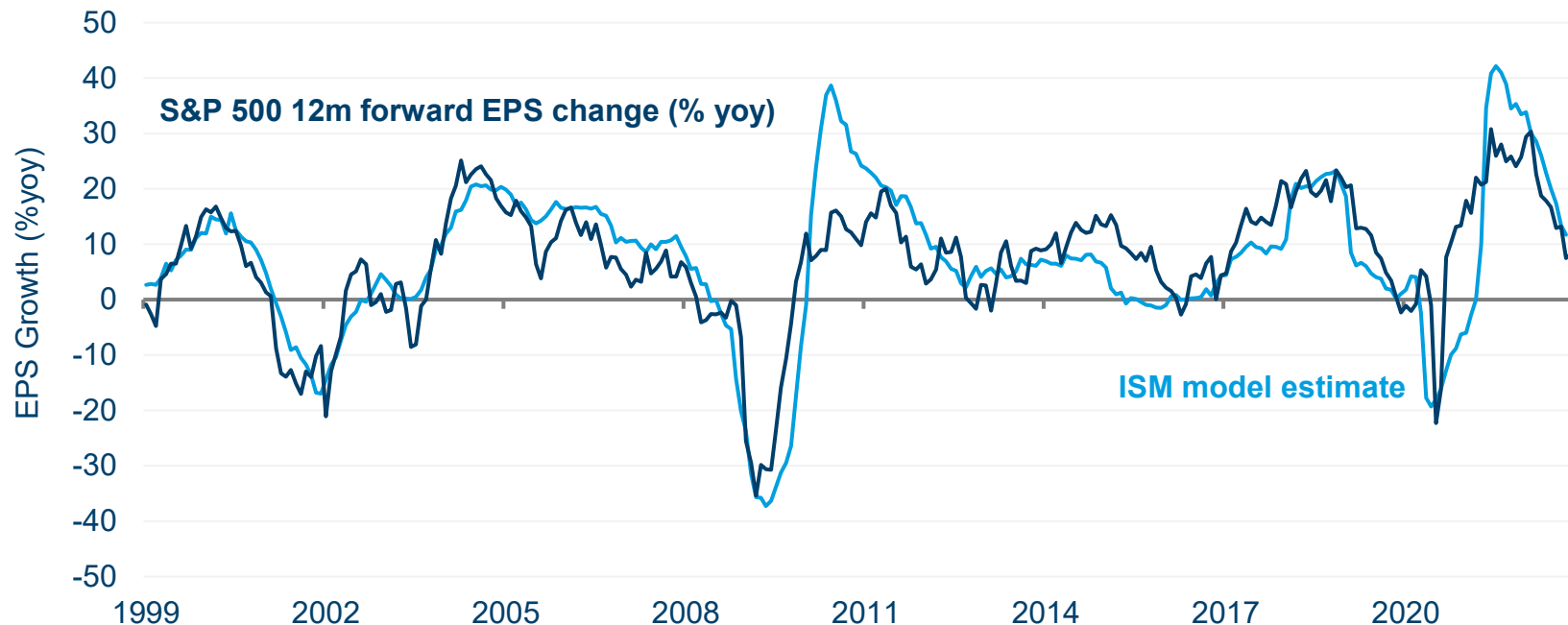
2022 Ytd Equity change, split between PE and EPS change



Source: Columbia Threadneedle Investments, Bloomberg and Minack Advisors, as at 17 October 2022

Past performance is not an indication of future performance.

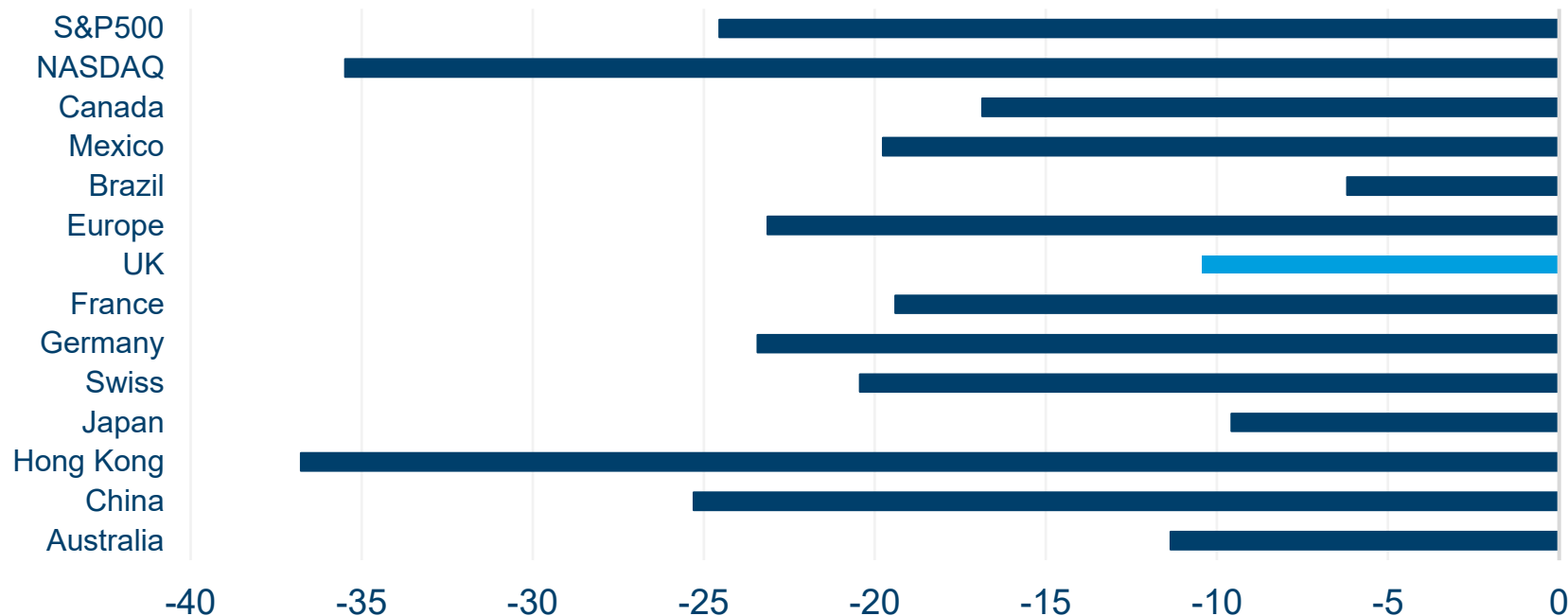
Earnings growth forecasts have further to fall



Source: Columbia Threadneedle Investments, Bloomberg and Datastream, as at 19 October 2022. Model is based off US Manufacturing and Services ISMs. Estimates and forecasts are provided for illustrative purposes only. They are not a guarantee of future performance and should not be relied upon for any investment decision. Estimates are based on assumptions and subject to change without notice.
Past performance is not an indication of future performance.

UK equities are a relative outperformer

Index % decline from one year high

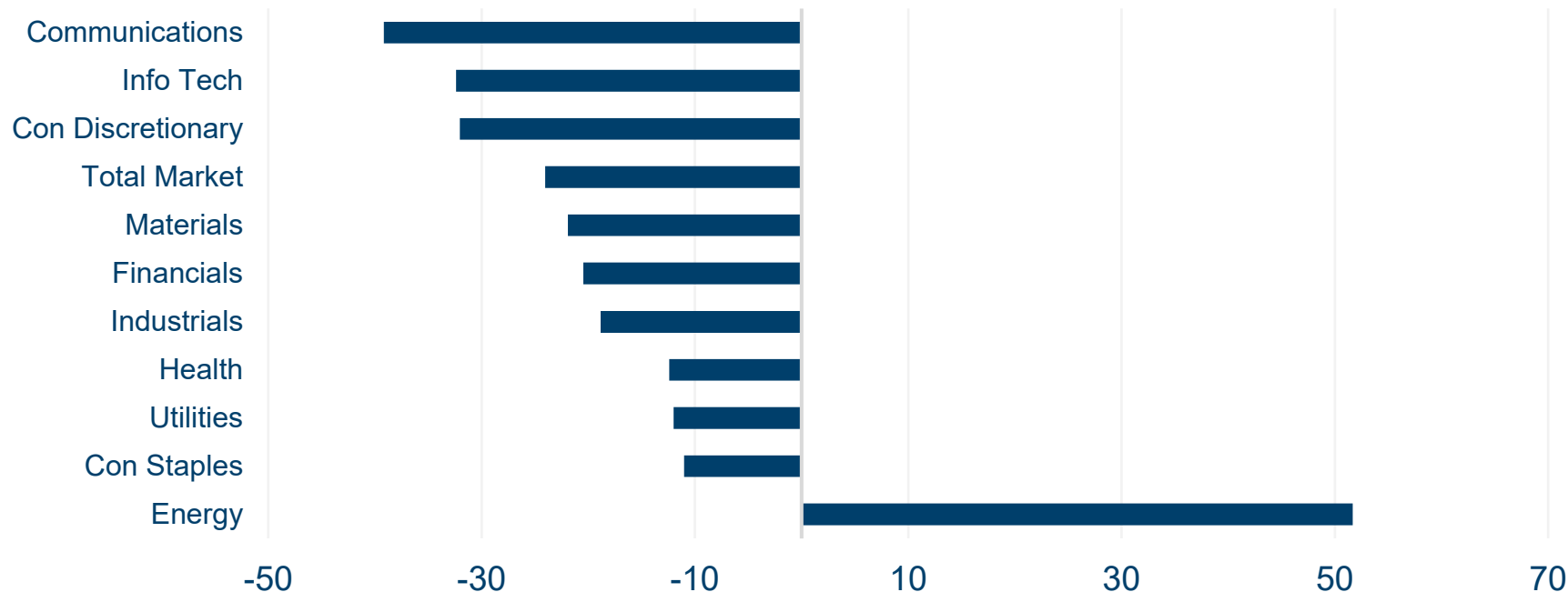


Source: Columbia Threadneedle Investments, Bloomberg and Minack Advisors, as at 17 October 2022

Past performance is not an indication of future performance.

Energy has been the only place to hide

Ytd sector % change (US)

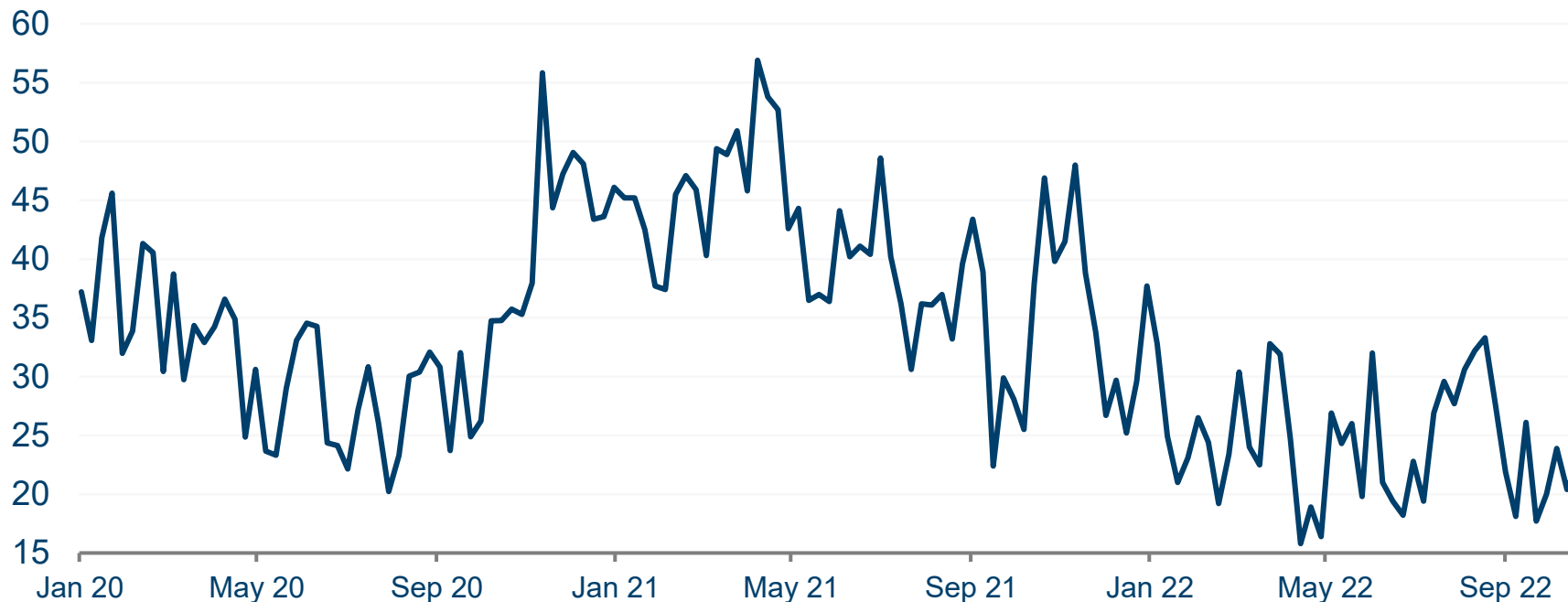


Source: Columbia Threadneedle Investments, Bloomberg and Minack Advisors, as at 17 October 2022

Past performance is not an indication of future performance.

Investors appear bearish

AII % of investors bullish

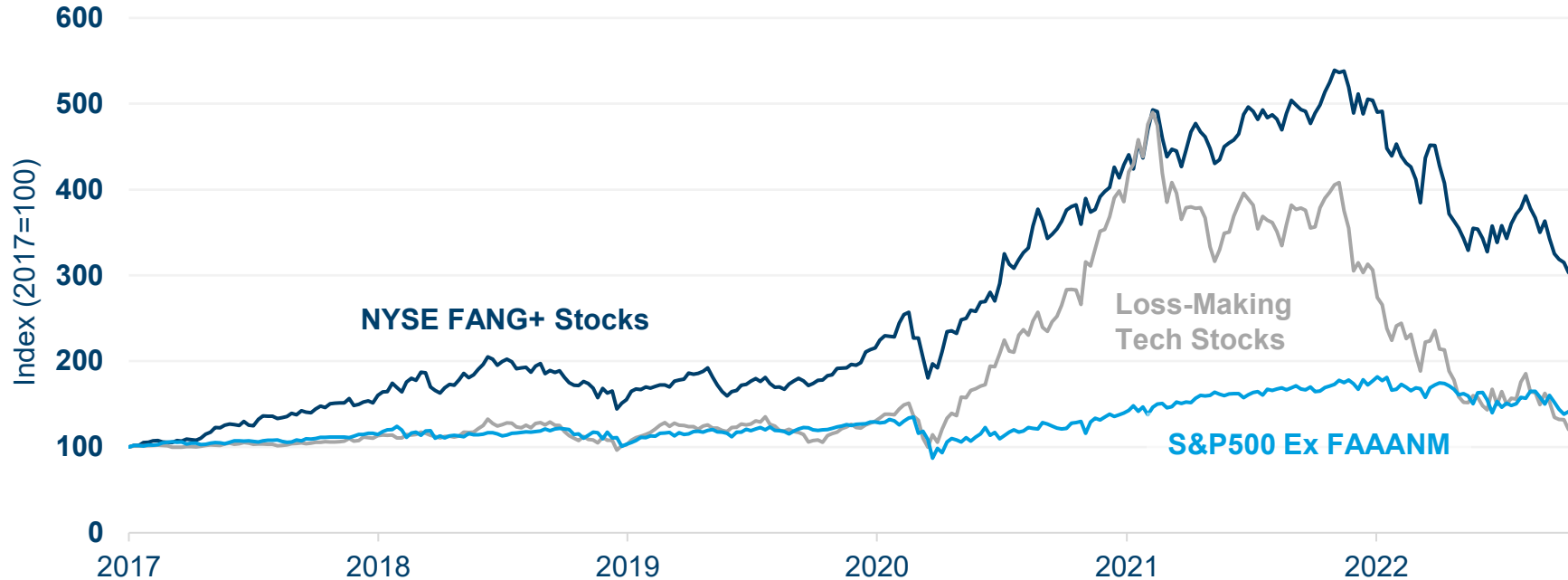


Source: Columbia Threadneedle Investments and Bloomberg, as at 17 October 2022

Past performance is not an indication of future performance.

Unwind of speculative excess

Fang+ stocks vs the rest of market and loss making tech



Source: Columbia Threadneedle Investments, Bloomberg and Minack Advisors, as at 17 October 2022

Past performance is not an indication of future performance.

Premium for large disruptors diminishes

Forecast PE for FAAANM relative to rest of S&P

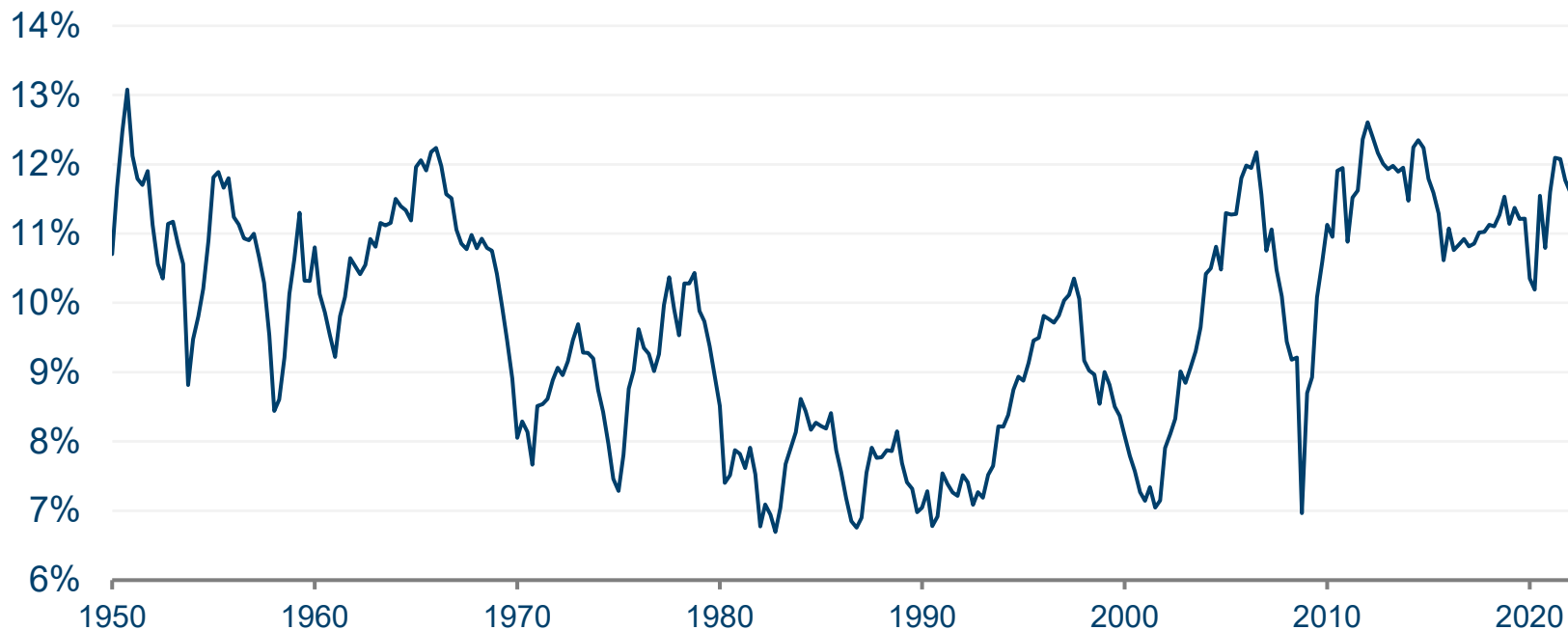


Source: Columbia Threadneedle Investments and Bloomberg as at 17 October 2022

Past performance is not an indication of future performance.

Corporate profits share is elevated

US corporate profits as % of GDP

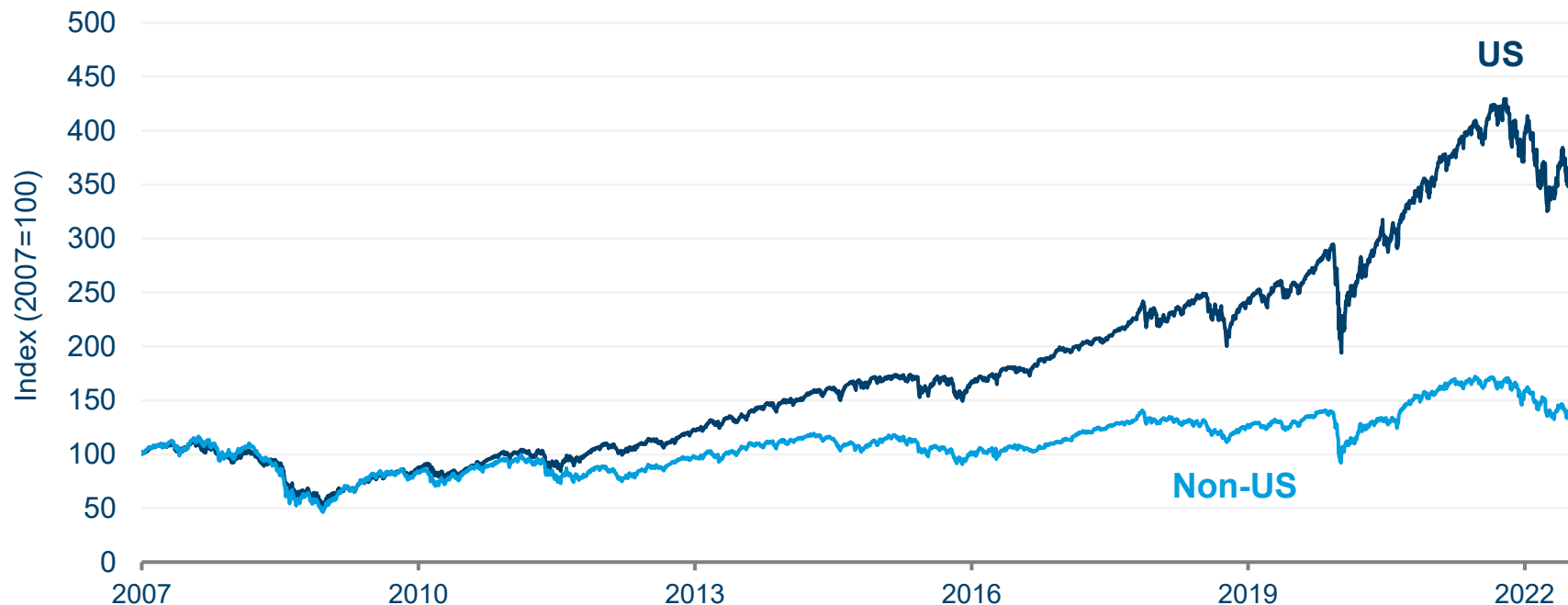


Source: Columbia Threadneedle Investments, Bloomberg and Datastream, as at 19 October 2022

Past performance is not an indication of future performance.

US outperformance

US equities vs the rest



Source: Columbia Threadneedle Investments, Bloomberg and Datastream, as at 19 October 2022

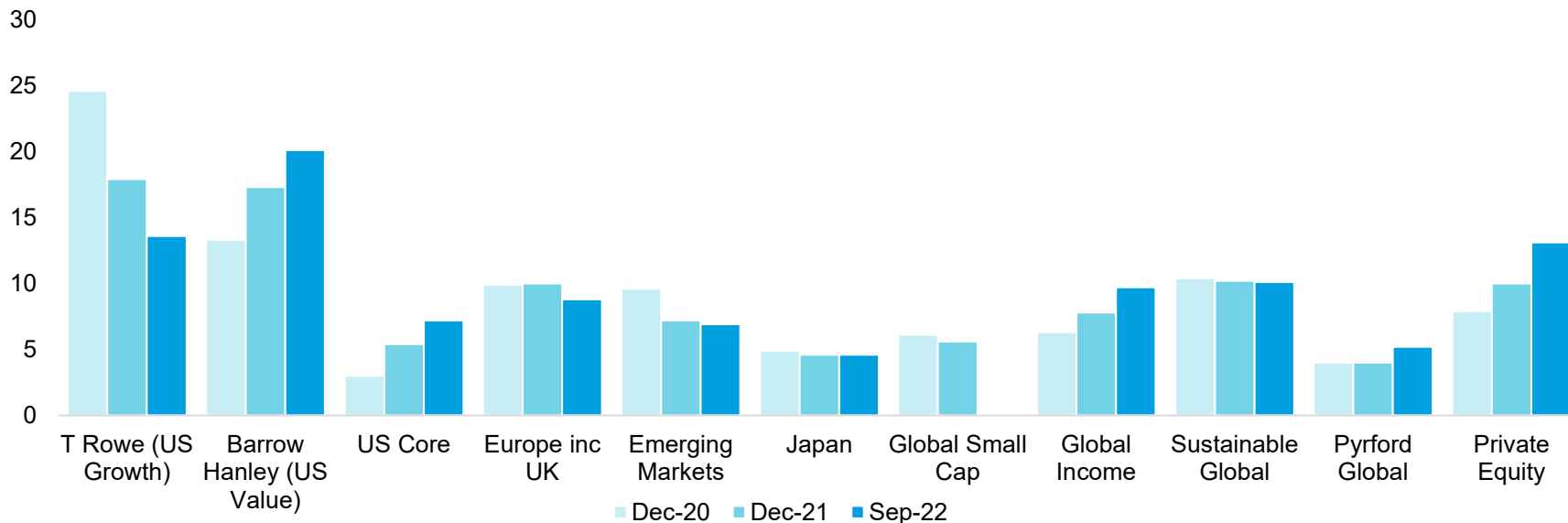
Past performance is not an indication of future performance.

II. F&C Investment Trust

FCIT Allocations



% Allocation to Strategy

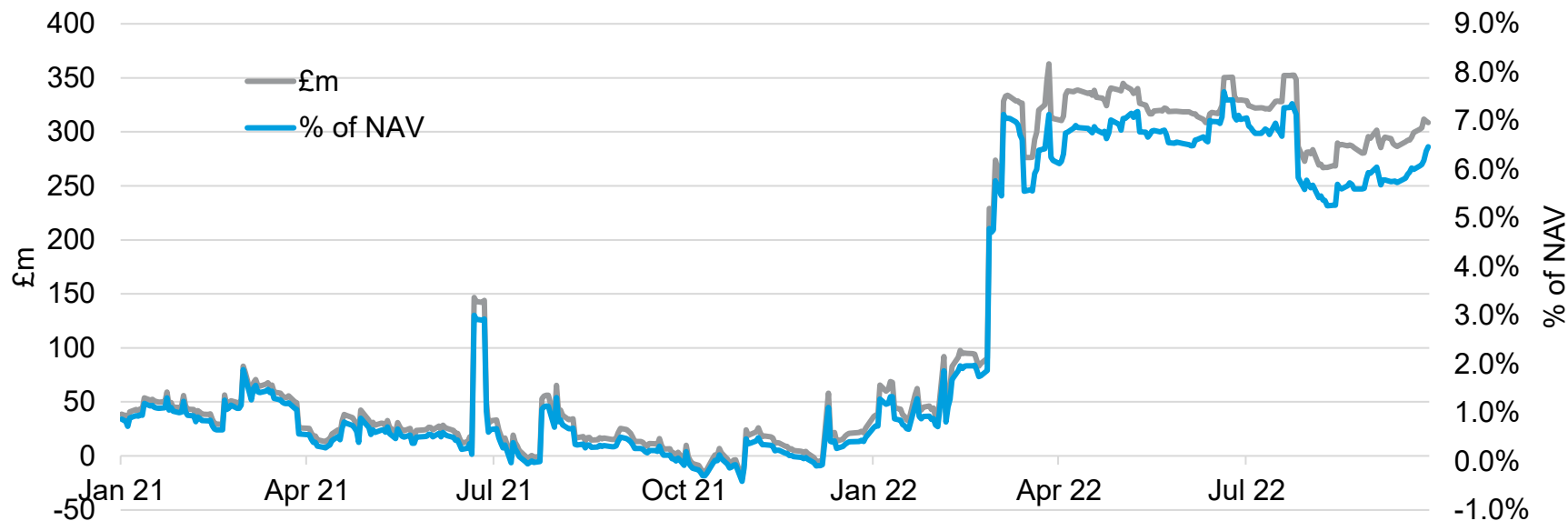


Source: Columbia Threadneedle Investments as at 30 September 2022. NAV = Net Asset Value

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



Cash weighting

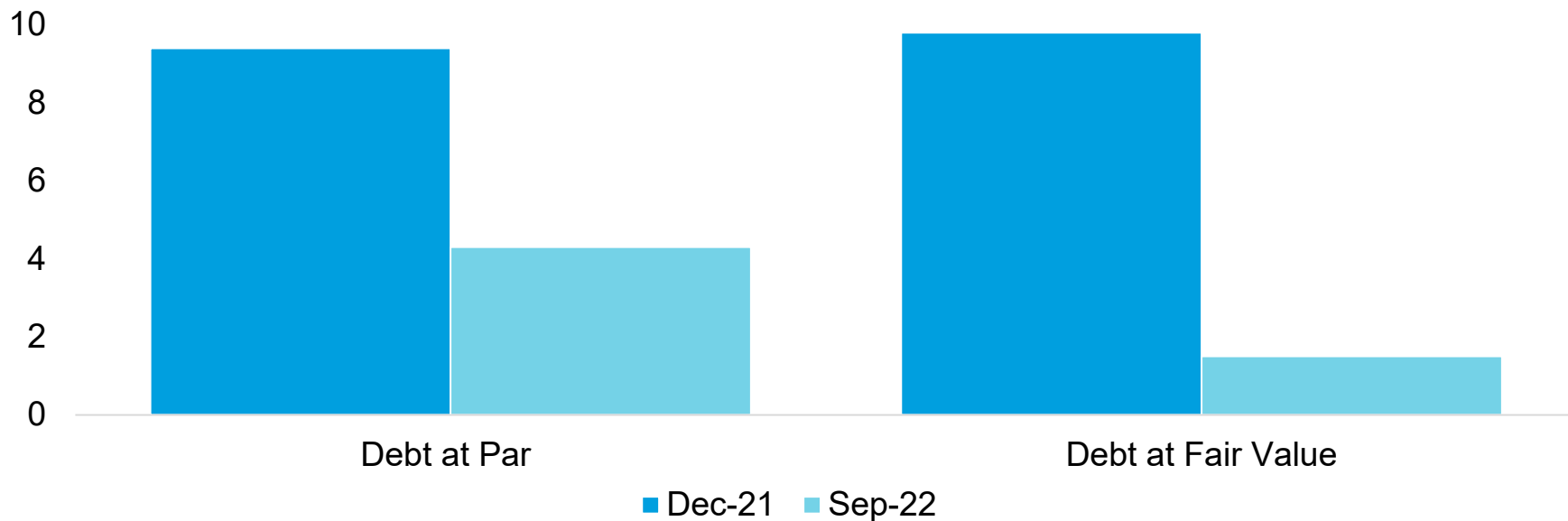


Source: Columbia Threadneedle Investments as at 30 September 2022.

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

Gearing

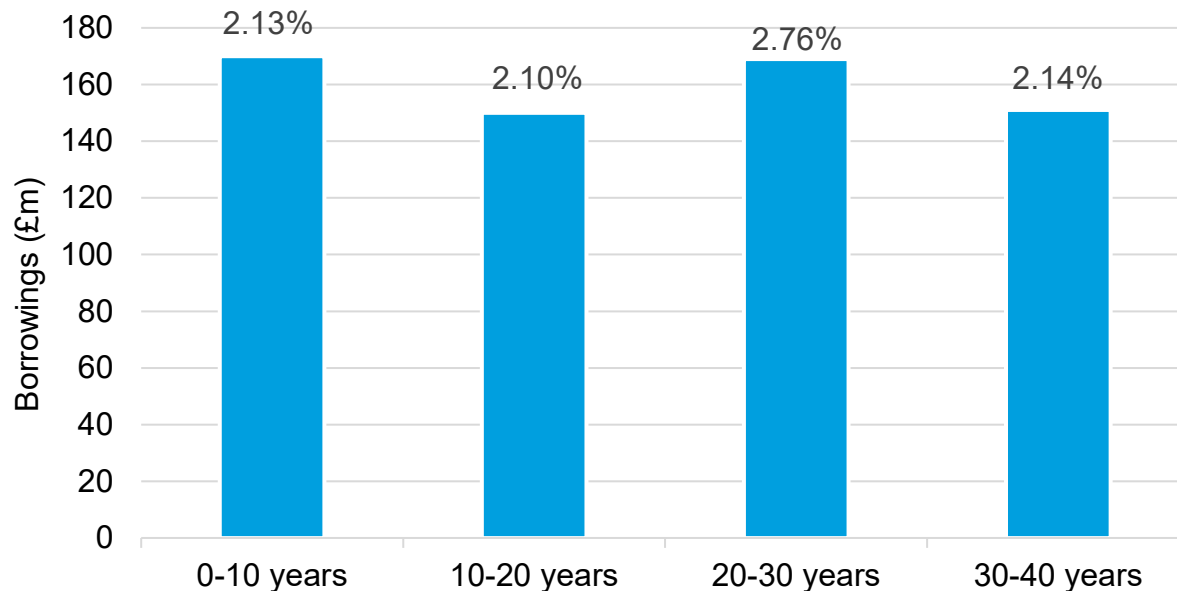
Gearing as % NAV



Source: Columbia Threadneedle Investments as at 30 September 2022. NAV = Net Asset Value

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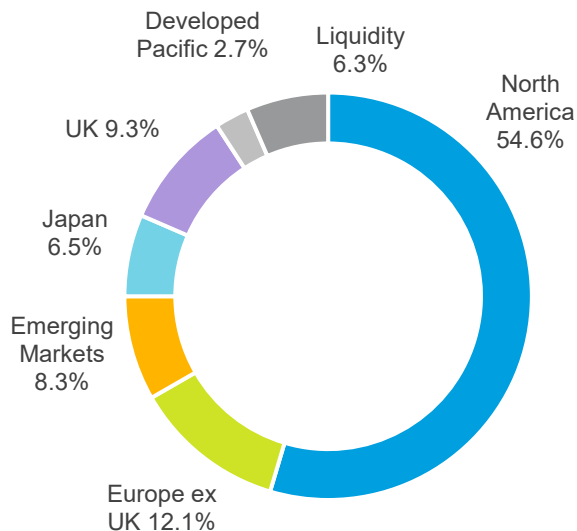
Low cost fixed rate debt



- Weighted average cost of debt down from 7.1% at end 2013 to 2.3%
- £280m of new fixed rate debt drawn down since 2021 (£140m in 2021 and £140m in Q1 2022) with rates as low as 1.87% for 2061 borrowings

Look-through exposure

Fund weight by region (inc Private Equity)

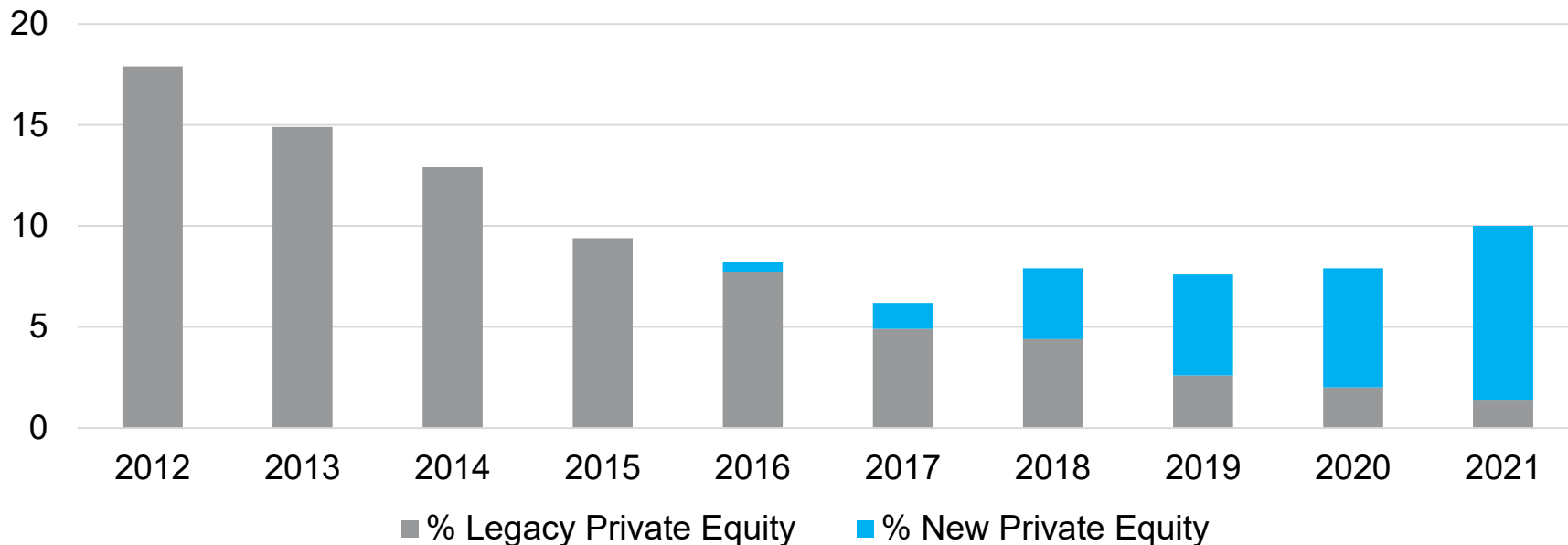


Source: Columbia Threadneedle Investments as at 30 September 2022

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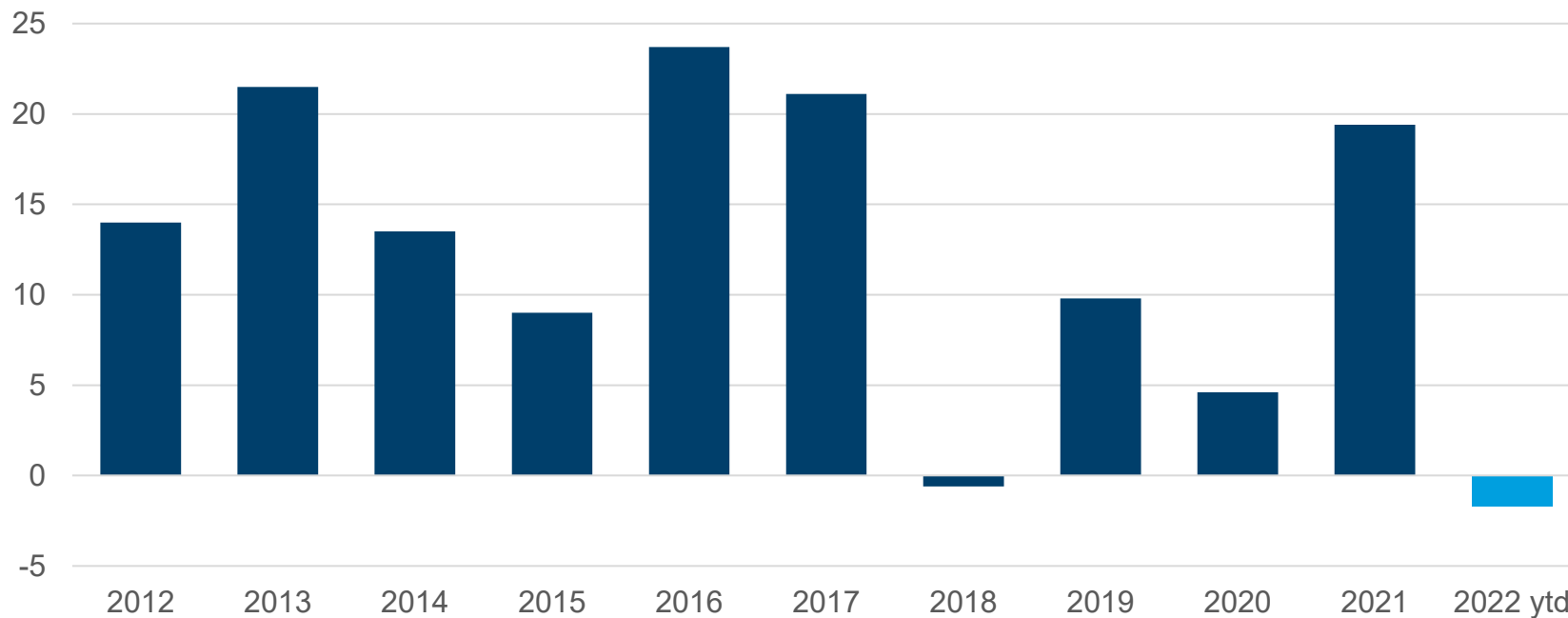
Private equity weighting

Re-commitments to private equity



Source: Columbia Threadneedle Investments as at 31 December 2021.

Annual shareholder returns for the past decade



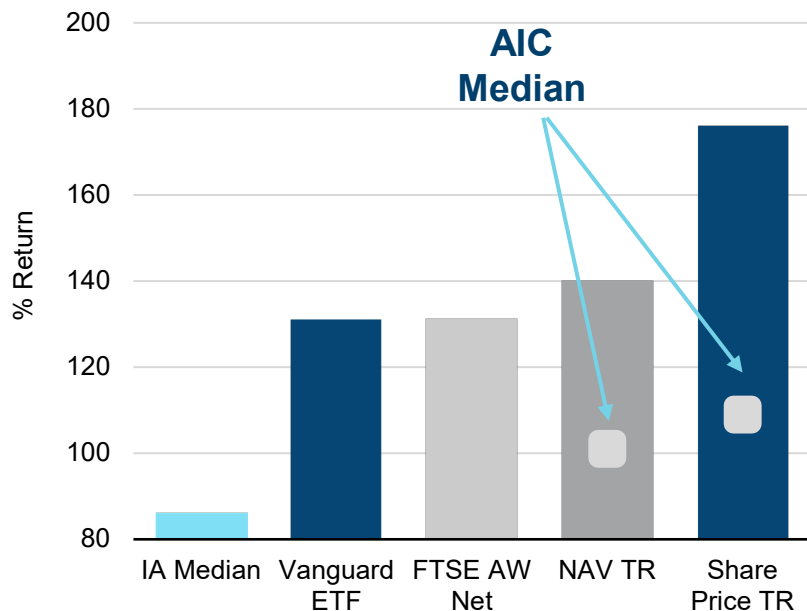
Source: Columbia Threadneedle Investments as at 30 September 2022.

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



Performance

Returns vs comparators (from July 2014)



Quartile Rankings (vs AIC peers)

Period	NAV Return	Shareholder Return
Ytd	1	1
1 yr	1	1
3 yrs	1	1
5 yrs	1	1
10 yrs	1	1

Source: Columbia Threadneedle Investments as at 30 September 2022

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Summary

- Inflation is peaking but more persistent in the US than Europe
- Market interest rate expectations now appear plausible
- High risk of US recession in 2023
- Prospect of a significant secular shift in the backdrop for financial assets
- Speculative excess has normalised but 'growth' equities are only back in historic ranges
- Investors appear bearish but no capitulation. Earnings expectations remain too optimistic
- Better value outside of US equities for long term investors
- Gearing cut, more in value and income stocks (from mid 2020), divested from small caps
- We expect good opportunities in public and private markets for re-entry in coming months

III. Q&A

Contact Us

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Calls may be recorded

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