

# FOCUS

Investment Trust Newsletter

Winter 2018

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Celebrating

**150**  
YEARS

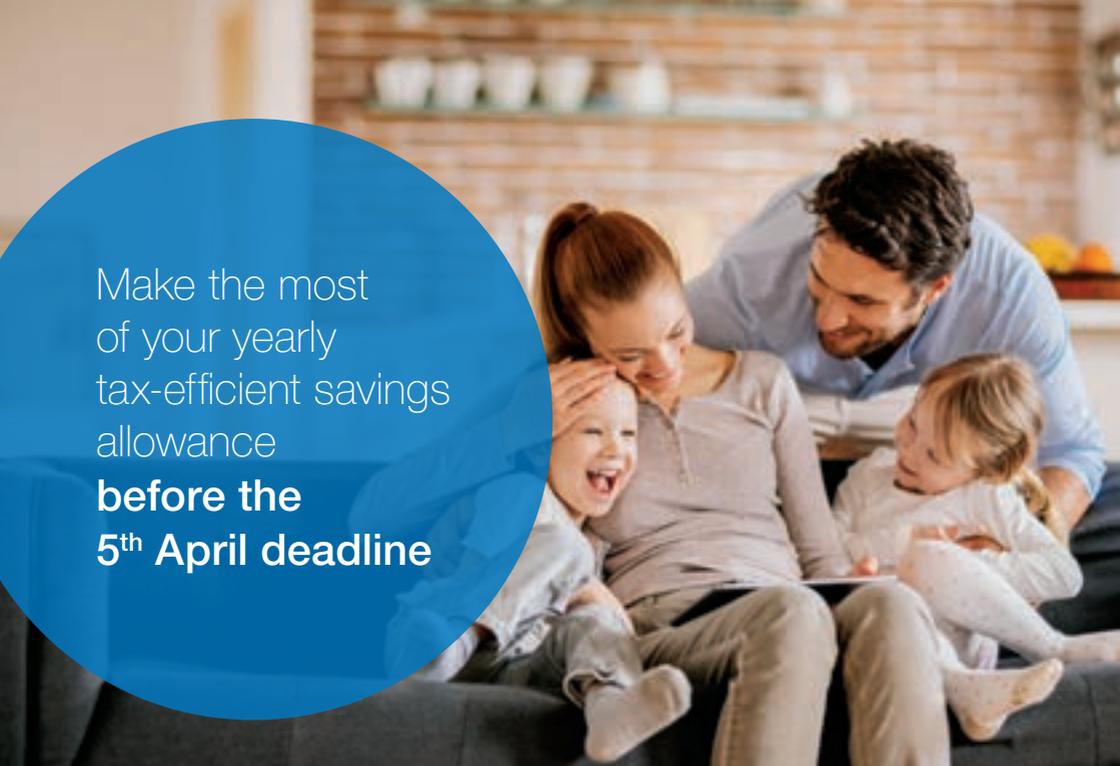
of Foreign  
& Colonial  
Investment  
Trust

**F&C**  
Investments

Realise your  
investment goals  
with an

**F&C ISA/JISA**

Don't forget to top up before  
**5th April 2018**



Make the most  
of your yearly  
tax-efficient savings  
allowance  
**before the  
5<sup>th</sup> April deadline**

The current tax year allowances of £20,000 & £4,128 for an ISA & JISA respectively are the highest they've been since the ISA began. Whether you're investing for retirement, university fees or a dream holiday an ISA/JISA with F&C could help get you there. Our range of investment trusts cover a wide selection of markets and asset classes, including the world's first, Foreign & Colonial Investment Trust. Choose F&C and put a team of highly skilled fund managers and almost 150 years experience to work for you.



The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Past performance is not a guide to future results. Please read our Key Features Document before you invest, this can be found on our website [fandc.co.uk](http://fandc.co.uk).

**Whatever your investment goals, we could help you achieve them.**

**Talk to us today.**

 Call **0800 369 8553** quoting 18MFO/1 (weekdays, 8.30am – 5.30pm), calls may be recorded or monitored for training and quality purposes.

 Visit [fandc.com/investmentisa](http://fandc.com/investmentisa)

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# Welcome

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Happy New Year from the team at F&C. We hope 2018 has got off to a good start, and as you look to plan for the year ahead, it's a good time to review your finances.

2018 celebrates a landmark occasion for Foreign & Colonial Investment Trust, the world's first investment trust. In March we celebrate the Trust's 150 year anniversary with a ceremonious ringing of the opening bell at the London Stock Exchange.

With another tax year end approaching (April 2018) we have put together an article explaining how investing in an ISA/JISA can help you achieve your investment goals.

**Marrack Tonkin**, Head of Investment Trusts

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Find out how an F&C ISA/JISA can help you achieve your investment goals.

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Paul Niven (F&CIT Fund Manager) talks about the historic landmark and the future for the Trust.

### 10 Our investment trusts

Find out more about our 10 investment trusts which provide a wide range of investment opportunities.

### 8 Investing for retirement

Investment trusts could be a solution if you are looking for potential income in retirement.



# Put the individual into your ISA

Some people invest for fun but the majority of us put money aside with a view to meeting future needs. Saving for retirement is probably the most fundamental one but there are plenty of other reasons why investing for the future makes sense.

Individual Savings Accounts – better known as ISAs – are designed to allow individuals to invest for the future in a range of asset types in a tax efficient manner. They were launched in 1999 and today, there is over £300bn put aside in ISAs.

## Your ISA, your choices

Every person over 18 has an annual ISA allowance whilst those under 18 (unless they hold a Child Trust Fund) are able to invest in a Junior ISA (JISA). Today as individuals we all enjoy a world of choice when it comes to potential ways to invest our money. The options range from cash through to investment funds offering access to a host of asset types and opportunities around the world. When planning

“Consider the costs associated with some key lifegoals.”

your ISA it is important to think about the goals you want to achieve as well as factors such as the level of risk you are willing to take with your money. If you are unsure it may make sense to talk to a financial adviser.

## ISA checklist

**1 1st port of call** – ISAs give you the opportunity to invest in a tax efficient manner so they can be viewed as a sensible starting point. Any profits you make are free from capital gains liability and they also offer benefits from an income tax perspective.

**2 Once it's gone it's gone** – remember that you have to use your ISA allowance by the end of the financial year (this tax year ends on the 5th April 2018). In the 2017/18 tax year, every adult can invest up to £20,000 in an ISA. For JISAs the allowance is £4,128.



## Counting the cost

'Someone is sitting in the shade today because someone planted a tree a long time ago.' Warren Buffett. Of course Mr Buffett is far from an average investor but his words of advice can readily be applied by those of us living and investing in more normal circumstances. Consider the costs associated with some key life goals for example, and it soon becomes clear why investing for the future is so important.

£9,000

**A high price for a higher education** – with tuition fees currently around £9,000 per year, gaining a degree is an expensive business particularly when you factor in living expenses too.

£27,161

**Tying the knot** – the average UK wedding now costs an eye-watering £27,161.

£33,000

**Over the threshold** – although interest rates are low the requirement for a house deposit is a big hurdle for many first time buyers. The average deposit for a first home now stands at £33,000.

Please remember that the value of investments can go down as well as up and you may not get back the amount originally invested. Past performance is not a guide to future performance.

**For more information visit our website at**



[fandc.com/investmentisa](https://fandc.com/investmentisa)

or give our client services team a call on



**0345 136 420**

## Investment

– the action or process of investing money for profit.

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**Think flexibly** – you might not be in a position to, or be comfortable with, committing larger lump sums to your ISA. If that's the case you can choose to invest on a monthly basis. You can invest from £50 a month into an F&C Stocks and Shares ISA or £30 a month into a JISA.

4

**Regular review** – investing should be viewed as a long-term commitment, usually at least 3-5 years. Of course, over that time it's possible that your circumstances and requirements may have changed so it makes sense to regularly review your investments. Post-retirement for instance, you may begin to favour options with the potential to generate income as opposed to growth.

# Foreign & Colonial Investment Trust, celebrates its 150th birthday in 2018



The world's first collective investment fund, Foreign & Colonial Investment Trust, celebrates its 150th birthday in 2018.

Founded in 1868, the Trust was established with the purpose of "bringing stock market investing to those of moderate means". That principle has stood the test of time for 15 decades, through world wars, recessions and financial crises.

The Trust represented a step-change in the way individuals could access the stock market, paving the way for the development of pooled savings vehicles like unit trusts and OEICs.

## Ask the manager

**Paul Niven**, Fund Manager



Over its 150-year history, the manager of F&CIT has changed less than a dozen times. The Trust

has had only three fund managers over the past 40 years. F&CIT's current manager, Paul Niven, took over the Trust in 2014 from Jeremy Tigue, who had managed the portfolio for 17

years. Paul – who is also Head of Multi-Asset Investment – joined F&C in 1996.

### What do you think is so special about the Trust?

One of the Trust's most important attributes is the sheer number of its underlying investors. The Trust is one of the most widely held investment products in the UK, with over 100,000 direct investors. Because it's overwhelmingly held by private investors, it's still fulfilling Philip Rose's 150-year-old vision of an investment product for "the investor of moderate means".

### How has the Trust managed to stay relevant over the past 150 years?

The Trust started out with a focus on emerging market bonds with investments spanning Europe, the Middle East, New Zealand, South America – and North America at a time when Canada and

(1) This quote is taken from a newspaper interview with Paul Niven – I've just changed "149-year" to "150-year" This is Money, 1 Apr 2017 [www.thisismoney.co.uk/money/investing/article-4370938/FOREIGN-COLONIAL-Niven-keeps-oldest-trust-harmony.html](http://www.thisismoney.co.uk/money/investing/article-4370938/FOREIGN-COLONIAL-Niven-keeps-oldest-trust-harmony.html) (2) This is Money, 1 Apr 2017 [www.thisismoney.co.uk/money/investing/article-4370938/FOREIGN-COLONIAL-Niven-keeps-oldest-trust-harmony.html](http://www.thisismoney.co.uk/money/investing/article-4370938/FOREIGN-COLONIAL-Niven-keeps-oldest-trust-harmony.html) (3) ONS Please see file "ons life expectancy" (4) ONS, 27 Sept 2017 <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/bulletins/nationallifetablesunitedkingdom/2014to2016>.

the US were still considered “emerging markets”. Over time, the portfolio has evolved and expanded to include corporate bonds, equities and private equity. We have always cast our nets widely to look for new investment opportunities. We’ve gone from investing in the Amazon 150 years ago to investing in Amazon.com today.

### The Trust has continued to evolve...how do you see its future development?

The Trust is more global than at any point in its history. About 95% of the portfolio is invested in overseas opportunities. We have the flexibility and resource to scan the entire global market across a whole range of opportunities, spanning regions, market capitalisations, investment styles and asset classes. Inevitably we face challenges today that are very similar to those faced by our predecessors, from world conflicts to financial crises. We’re certainly not uniquely placed in history with regards to uncertainty, our longevity though helps us put these challenges in perspective. Looking ahead, I believe that the best growth prospects lie in equities.

### If you could meet Philip Rose, what would you want to ask him?

Looking at his original vision, it would be interesting to see how he felt about the Trust today compared with the Trust at its inception 150 years ago. I think he would agree that we are continuing to fulfil the Trust’s original mandate of providing a diversified investment vehicle for the “investor of moderate means”. All investment trusts are essentially democratic: they’re owned by shareholders who have a say in the Trust and how it’s run. F&CIT was a democratic investment product in 1868, and it’s still a democratic product today.



## Did you know?

- F&CIT was set up in 1868 by young lawyer Philip Rose alongside barrister Samuel Laing, and Samuel Laing’s business partner James Thompson Mackenzie, who was also Deputy Chairman of the East Bengal Railway
- With the backing of influential politician Lord Westbury, F&CIT was launched on Thursday 19 March 1868
- Today, F&CIT has total assets of £3.8 billion across around 500 globally diversified holdings
- F&CIT has paid a dividend every year for over its 150-year history, and has grown its payout every year without fail since 1970
- F&CIT’s dividend has doubled over the past decade
- Dividend income may fluctuate and income may be paid at the expense of capital. There is no guarantee that dividends will continue to grow. As with all investments you may not get back the full amount invested.



Visit our website at: [fcit150.co.uk](https://fcit150.co.uk)

If you would like to register your interest to attend the following lecture:

**Celebrating 150 years: Investing Past, Present and Future with Professor Yuval Harari**

**Date:** 21 March 2018

**Location:** City of London

Please visit [fcit150.co.uk](https://fcit150.co.uk) for more details and terms and conditions.

# Approaching retirement?

## Investment trusts could be for you

Planning your finances in retirement will ensure that you are able to live life to the full once you stop work.



Retirement is an exciting stage in your life. Many retirees have travel plans or other dreams that they want to live out when they are no longer tied to the nine-to-five. Ensuring that you have enough money to realise your dreams without running out of cash later on is a matter of sensible planning and understanding the choices that are available to you. Investment is often an important part of the process.

Retirement finance used to be simple. Unless you had a final-salary pension scheme, you used the money in your pension pot to buy an annuity, which then gave you a guaranteed monthly income for the rest of your life.

However, more recent rules on pensions allow you to leave retirement money invested, then take it out as cash when you need it or pass it on tax-efficiently to the next generation.

With interest rates at historic lows, many people at this stage in life choose to invest their money

to secure the regular income they are unlikely to get from cash savings or with the aim to grow their money for their descendants.

Investment trusts allow you to invest in a diversified portfolio of companies managed by an expert. They can provide a regular income, although this is not guaranteed, and a diversified portfolio managed by an expert at a relatively low cost compared to many other collective (or pooled) investments.

Unlike unit trusts, investment trusts have a limited number of shares. A unit trust can expand infinitely depending on how many people invest in it.

Investment trusts are slightly different from other funds, so new investors need to understand a few things before jumping in.

Trusts are quoted on the stock exchange, so you buy and sell them just as you would any other share, and they can be held in tax-efficient




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## £26,000

Average amount couples enjoying a comfortable retirement spend each year\*

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wrappers such as SIPPS and ISAs. Tax benefits depend on your individual circumstances and tax allowances and rules may change.

The key to understanding trusts comes down to two different measures of value, the share price and the net asset value (NAV). The NAV is the value of the underlying investments that the trust has, divided by the number of shares. This figure can be higher or lower than the share price. If it is higher, then the trust is trading at a discount, meaning that the investments in the trust are worth more than the share price, and if it is lower, the trust trades at a premium.

Investment trusts have a secret weapon compared to other forms of investment. As well as paying out regular dividends, they are able to hold back some profits in the good times to pay out at more difficult times. This means they can increase their dividend payouts every year, even at times when the stock market performs less well. That's particularly important for those relying on pension income, who may be particularly impacted by the ravages of inflation.

Investment companies can also store up to 15% of the income they receive each year. "Unlike open-ended funds, investment trusts have the ability to smooth dividend payments by utilising reserves to maintain or grow their annual dividends as required," says Marrack Tonkin, Head of Investment Trusts at BMO Global Asset Management.

"Shareholders could potentially obtain a more consistent income return from their investment."

Past performance is not a guide to future performance. The value of all stock market investments can go down as well as up and you may not get back the full amount originally invested. If you feel you need specific investment advice that takes your individual circumstances fully into account, please talk to a financial or tax adviser.

*This article first appeared on the Telegraph online.*

For more information about investing in our savings plans or investment trusts, please contact us or visit our website:

 [fandc.co.uk](https://www.fandc.co.uk)

For any technical jargon you are unfamiliar with please visit: [fandc.co.uk/glossary](https://www.fandc.co.uk/glossary)

\*<https://www.which.co.uk/money/pensions-and-retirement/starting-to-plan-your-retirement/guides/how-much-will-you-need-to-retire>

# F&C investment trusts

F&C brings you a range of investment options. Here's a summary of our range of investment trusts.

## UK and European Trusts

The UK is home to some of the world's most established and strongest companies. The attractive investment opportunities in Europe include global leaders as well as a diverse range of smaller companies that offer the potential for long-term growth.

**European Assets Trust** – Invests in small to mid-size companies across Europe that offer the potential for strong growth. Aims to provide an attractive income.

**F&C Capital and Income Investment Trust** – Invests mostly in large blue-chip UK companies with some investment in European companies.

**F&C UK High Income Trust (formerly Investors Capital Trust)** – Invests in UK equities of companies across the market capitalisation spectrum with the aim of providing an attractive level of income together with the opportunity for capital growth.

## Property Trusts

You may have already been exposed to the property market via the purchase of a home. Investing in commercial property through an investment trust could also provide an attractive investment option. It offers the potential for growth and a regular income.

**F&C Commercial Property Trust** – Invests in commercial property across the UK with a bias to Central London prime property. Aims to provide an attractive income with the prospect for long-term capital growth.

**F&C UK Real Estate Investments** – Invests in commercial property regionally diversified across the UK with a bias to property in the South East. Aims to provide an attractive income with the potential for capital returns.

**TR Property Trust** – Invests in European property related equities with a small holding in UK direct commercial property. Provides the opportunity for growth with exposure to direct commercial property and an attractive income.

As well as looking at the potential rewards that investing in investment trusts can bring, it's important that you are aware of the potential risks involved so that you can make an informed decision. The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your shares, you may get back less than you originally invested. Our range of investment trusts invest in the stock market and some of them also invest in unlisted companies and funds and property. If they invest in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment. Investment trusts can also borrow money (gearing), which can then be used to make further investments and if markets fall, gearing can

# Our service gives you more

## Global Trusts

With so many markets to invest in, it can be difficult to decide which region offers the most attractive returns. With a global trust, an investment specialist draws on the best ideas from around the world and selects companies that are best-in-class globally.

**Foreign & Colonial Investment Trust** – The world's first investment trust. Invests in a broad portfolio across the globe including exposure to emerging markets and private equity.

**F&C Global Smaller Companies** – Invests in smaller companies worldwide with the potential for delivering strong long-term growth.

**F&C Managed Portfolio Trust** – Invests in a range of investment companies covering a variety of geographies, sectors and investment managers with the objective of providing both income and growth. It has two separate investment portfolios with Income shares and Growth shares available.

**F&C Private Equity Trust** – Invests in companies not listed on the stock exchange that offer the potential for strong capital returns, as well as half-yearly income.

magnify the negative impact on performance. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please read our Key Features Document before investing. For more information about investment risks, visit our website [fandc.co.uk](http://fandc.co.uk). F&C cannot give advice on the suitability of investing in our investment trusts or savings plans. If you have any doubts as to the suitability of an investment please contact a professional financial adviser.

## A flat fee

- Most of our savings plans have a flat annual management fee so you will know up front the annual cost of your investment, regardless of the amount you invest (a percentage charge applies for some legacy plans and the Child Trust Fund Stakeholder account).
- Free paper statements. You will receive statements and valuations at no extra cost. Plus no extra charges if you are not online.

## Our website

- Online access to your account details and investment valuations\*
- Fund manager factsheets
- Fund manager videos
- Annual and half-yearly trust reports
- Regulatory news.

## A phone call away

- UK-based customer service team
- Call us weekdays from 9am to 5pm on 0345 600 3030.

For any technical jargon you are unfamiliar with please visit:



[fandc.co.uk/glossary](http://fandc.co.uk/glossary)

\*The online service is available fully for sole holders to view and transact online; for joint holders view-only access is available.



# Contact us

## Your existing account

If you have any queries on your existing accounts you can:



**0345 600 3030\***

(9.00am – 5.00pm, weekdays)



**+44 (0)1268 447 407 from overseas**



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Please have your account number handy when you call.

\*Calls may be recorded or monitored for training and quality purposes.

## Our website



**fandc.co.uk**

### Important Information

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