F&C Investment Trust PLC
Exchange House, Primrose Street
London EC2A 2NY
Telephone +44 (0)20 7628 8000
Facsimile +44 (0)20 7628 8188
fandc.com

F&C INVESTMENT TRUST PLC
Unaudited Results for the half-year ended 30 June 2022

Legal Entity Identifier: 213800W6B18ZHTNG7371
Information disclosed in accordance with Disclosure Guidance and Transparency Rule 4.2.2

25 July 2022

F&C Investment Trust PLC (**'FCIT'** /the **'Company'**) today announces its results for the six months ended 30 June 2022.

- The Net Asset Value ('NAV') total return was -9.6%; ahead of the -10.7% return from the benchmark, the FTSE All-World Index.
- The share price total return was -11.8%, in part due to a widening of the discount during the period.
- Our private equity exposure, which is a strong differentiator for FCIT, posted a gain of 4.7%; ahead of the returns from listed markets.
- Adjustments to the fair value of the Company's debt added 2.5% to the performance from the investment portfolio, whilst gearing detracted 1.0%. Gearing was 6.5% at the end of the period.
- Making use of our investment trust structure and the ability to borrow to enhance returns, we have taken advantage again of low interest rates to draw £140m of borrowings through long-term private placement loans.
- Over one year's worth of dividends is held in the revenue reserve and the Board aims to increase the total dividend again this year. The first interim dividend of 3.2 pence for 2022 will be paid on 1 August.

The Chairman, Beatrice Hollond, said:

"We continue to focus on long term capital and income growth for our shareholders. Our diversified portfolio, investment trust structure, modest gearing, strong cash position and careful management of risk position the Company well against an extraordinarily demanding market backdrop.

The Board intends to increase dividends in real terms for shareholders over the long-term and our current aim is to raise our dividend again this year. If we do so, this will be the 52nd consecutive rise.

While we expect that the immediate outlook will continue to present a challenge, our portfolio is sufficiently diversified to provide protection from over-exposure to any one theme that is driving markets."

Commenting on the markets, Paul Niven, Fund Manager of FCIT, said:

> "The current backdrop is challenging for the global economy and for financial markets. Investors are increasingly concerned that recession will hit major developed economies later this year and into 2023 as central bankers increase interest rates and rein in excess liquidity. In addition, inflation is proving more problematic than many had originally envisaged, raising questions over the level that interest rates will reach and how deep the growth downturn will be.
>
> Nonetheless, and despite a period which is likely to continue to see further volatility in returns, opportunities are emerging. Valuations have corrected and are more attractive for long-term investors. While margins are at risk, equities will provide some hedge to inflation as corporates pass on price rises to consumers. With a relatively high holding of cash and diversified exposure across a range of different equity strategies we believe that the Company is appropriately positioned for the difficult market conditions that we expect. Given our longer-term perspective, we expect to be in a strong position to take advantage of investment opportunities as they emerge and to benefit from a recovery in equity markets in due course."

The full results statement is attached.

Past performance should not be seen as an indication of future performance. The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

Contacts

Paul Niven – Fund Manager
0207 011 4385

Campbell Hood
campbell.hood@columbiathreadneedle.com
Tel: +44 (0)20 7011 4243

FTI Consulting
columbiathreadneedleuk@fticonsulting.com
Tel: +44 (0) 20 3727 1888

About FCIT:

- Founded in 1868 – the oldest collective investment trust
- A diversified portfolio provides exposure to most of the world's stock markets, with exposure to over 400 individual companies across the globe
- Its aim is to generate long-term growth in capital and income by investing primarily in an international portfolio of listed equities

Chairman's Statement

Markets and performance

A substantial rise in inflation, caused by sharply rising energy prices after Russia's invasion of Ukraine, coupled with post-Covid supply chain issues led to expectations for a tightening of monetary policy by central banks globally, a consequent decrease in risk appetite and sharp falls in equity markets worldwide. Rising commodity prices more generally added impetus to the surge in inflation which, contrary to the consensus, has not been transitory and has remained at stubbornly high levels. With equities declining into a 'bear market', defined as a fall from the peak of over 20%, the Company delivered a Net Asset Value ('NAV') total return of -9.6%, whilst our benchmark, the FTSE All-World Index, fell by 10.7%. However, a widening in the Company's discount from 7.3% to 9.6%, meant that the shareholder total return was -11.8%.

The NAV per share closed at 892.8 pence compared with 998.7 pence at the end of 2021. The return from our underlying investment portfolio was marginally behind the return of the benchmark. Despite holding a geared position, which detracted 1.0% from returns, a rise in longer-dated market interest rates reduced the fair value of our debt, and this added 2.5% to our NAV return.

We started the year with a gearing level of 9.4% and ended the first half with 6.5% gearing. During the period
we drew £140m of additional long dated borrowings through long-term private placement loans.

Valuations in the private equity part of the portfolio have so far held up well and delivered a return of 4.7% over the first six months, however we are expecting downwards revisions here as the year progresses to reflect what has happened in the public markets. We have continued to make selective investments in this area and agreed a new programme of exposure in leading growth and venture managers which will be managed by Pantheon. These commitments are long-term in nature and our experience in terms of unlisted private equity exposure has, historically, been positive.

Income and Dividends

We paid a third interim dividend of 3.0 pence per share for the year ended 31 December 2021 in February 2022 and a final dividend of 3.8 pence in May. We drew down 1.7 pence per share from our revenue reserve to help fund the full year dividend of 12.8 pence. This represented an increase of 5.8% on the previous year, ahead of the 5.4% rise in inflation for the year to 31 December 2021.

We continued to see good progress in our net revenue return over the first six months of the year, which rose by 27.6% to 7.48p in comparison to 5.86p over the same period last year. The decline in sterling had a positive impact, increasing returns by £1.1m (in the 2021 half year there was a negative impact of £2.2m). Special dividends totalled £1.0m, up slightly from £0.6m in the first half of 2021. We have declared a first interim dividend for the current year of 3.2 pence per share payable on 1 August 2022.

Despite a strong recovery from the pandemic, there remains significant uncertainty with respect to our full year income but, at this point, it is unlikely that our earnings will cover the full year dividend payment to shareholders. Therefore, as was the case in 2021, we expect to fund a proportion of the annual payment from our Revenue Reserve, which continues to represent over one year's worth of annual dividends. The Board intends to increase dividends in real terms for shareholders over the long-term and our current aim is to raise our dividend again this year. If we do so, this will be the 52nd consecutive rise.

The Board

Jeff Hewitt retired from the Board at the conclusion of the AGM in May this year, after 11 years' service as a Director and 10 years as Chairman of our Audit Committee. I am delighted that Julie Tankard will replace Jeff and she joins the Board with effect from 1 August 2022. Julie is the Chief Financial Officer and a Board member of the Port of London, where she is also responsible for risk. She is a fellow of the Chartered Institute of Management Accountants. Julie sits on the Industrial Development Advisory Board and previously chaired the audit committee of an NHS Foundation Trust, prior to which she held various senior positions at BT plc.

Outlook

The rise in inflation seen thus far and fears that we may be entering a period where price pressures will remain elevated is causing substantial concern for both individuals and market participants. Interest rate expectations have risen and valuations in equity markets have fallen as investors grow increasingly nervous that a recession may be imminent.

The balance of risks suggests that investors are right to position for a fundamentally different, and potentially more challenging, backdrop. Markets have, however, already reflected changed expectations and much of the speculative froth has been removed from market pricing. A more reasonable valuation backdrop presents opportunities for investors with a longer time horizon and a patient approach to investing. While we expect that the immediate outlook will continue to present a challenge, our portfolio is sufficiently diversified to provide protection from over-exposure to any one theme that is driving markets. As noted earlier, our gearing levels have been reduced and our Manager has tilted the portfolio towards areas more likely to benefit from a change in the investment landscape.

Beatrice Hollond

Chairman

22 July 2022

Fund Manager's Review

It has been a difficult period for financial markets so far in 2022 with a substantial rise in market interest rates, reflecting concerns over the outlook for inflation, a widening in credit spreads, due to concerns over an economic slowdown and increased risk of corporate defaults, and sharp falls in equity markets.

Inflation and growth concerns, exacerbated by the conflict in Ukraine, were key themes over the first half of the year. Inflation continued to accelerate across many different regions, reaching the highest levels seen in the US for 40 years. With the exception of Japan, most major developed market central banks have now begun increasing interest rates or indicated their intention to do so. This pivot from central banks has led to a marked rotation away from highly rated growth stocks towards the value segments of the market. Despite the steps taken so far, pressure remains to curb persistent inflation. Indeed, inflation has proven less transient than many initially thought, as markets continue to price in further monetary tightening and are now increasingly contemplating a recession in the US and other developed market economies.

Currency markets also saw significant volatility. Sterling fell sharply against the US dollar, from 1.35 to 1.22, while the yen declined to a greater than twenty-year low against the US dollar, driven by ongoing loose monetary policy against a backdrop of rising global interest rates.

Our investment portfolio delivered a return of -10.8% compared to the market benchmark return of -10.7%. In terms of exposure, all listed equity regions lost value, with our North American equity holdings, our largest regional allocation, falling 12.1%. 'Growth' stocks had a torrid time and substantially underperformed cheaper 'value' exposure. As investors priced in the prospect of higher inflation and interest rates and grew concerned over large scale withdrawal of liquidity by central banks, the valuation premium on more expensive segments of the market, including disruptive technology stocks, diminished. More speculative equity investments, trading on high valuations and with little or no profits, were hit particularly hard and investors sought safety in more lowly valued stocks with greater visibility in near term earnings.

Contributors to total returns in first half of 2022	%
Portfolio return	(10.8)
Management fees	(0.2)
Interest and other expenses	(0.2)
Buybacks	0.1
Change in value of debt	2.5
Gearing/other	(1.0)
Net asset value total return*	**(9.6)**
Change in rating	(2.2)
Share price total return	**(11.8)**
FTSE All-World total return	(10.7)

*Debt at market value

Source: Columbia Threadneedle/State Street

We have made substantial reductions in terms of our exposure to more expensive parts of the equity market, predominantly through the sale of US large cap growth stocks, starting in the second half of 2020 and through the course of 2021. During the first half of this year we made further sales in expectation of underperformance in this area. In addition, we made the decision to divest entirely from our exposure to

Global Small Cap stocks, having initially reduced our holdings last year. In our view, small cap stocks are less likely to perform well in an environment of rising inflation and we decided to focus our exposure on the large cap space. Small cap holdings modestly underperformed over the first half.

We increased our allocation to higher yielding stocks, expecting better performance to be driven by relative valuations from this area but the primary destination for the proceeds of our sales was cash. Indeed, we raised cash levels by almost £300m, from £53m at the start of the year to £352m at the end of June. Some of this increase reflects the funding of our £140m private placement notes and we will use some of the proceeds to pay down a seven-year euro denominated loan of €72m in July. Nonetheless, the effect of our allocation changes was to reduce our net gearing levels to 6.5% with debt at par and 4.3% when we adjust for the fair value of our debt.

As well as reducing our gearing levels and making further re-allocations away from US large cap growth stocks, we reduced the outstanding value of our sterling hedge from around £200m to under £30m, with a view to benefitting from sterling weakness. While rates rose in the UK and inflation here reached the highest amongst G7 nations, we saw limited upside potential for the domestic currency.

Within our US holdings it was our value manager Barrow Hanley (-0.6% return) which provided the best returns, while the strategy managed by our US growth manager T Rowe Price posted a loss of -25.8%. Energy and commodity related stocks such as Hess (+60.8%), Pioneer Natural Resources (+42.7%) and Phillips 66 (+28.9%) were amongst the top performers in the US while a number of our large holdings, such as Meta (-46%) and Amazon (-28.9%), detracted from returns.

Within our Global Strategies (-11.9% return) there was a wide dispersion of peformance. Strongest returns came from our Quality Income strategy (-1.4%) where Woodside Petroleum (+61.4%) and Computershare (+31.3%) helped relative returns. Despite delivering a loss of 6.1%, our higher yielding Global Income strategy, where we invest in companies which have attractive yield characteristics and which tend to trade at a valuation discount, produced strong relative returns against a weak overall market backdrop. Elsewhere, our exposure to Sustainable Opportunities performed poorly, delivering a return of -19.6%. As was the case elsewhere, the weighting in energy and commodity related stocks, along with more defensive areas of the market such as consumer staples and utilities, played a role in relative returns. Indeed, oil and gas stocks were the strongest performing area over the six months, delivering a gain of 28.0% as, in response to the war in Ukraine and concerns over disruption to global supply as well as an improved demand picture, crude oil gained up to $45 a barrel, having started the year at around $75 a barrel.

In Europe inc. UK (-13.8%) our biggest positive contribution came from pharmaceuticals where an overweight stance to AstraZeneca (+26.6%), GlaxoSmithKline (+12.4%) and Novo Nordisk (+10.9%) benefited returns. Each produced good results and confident outlooks at a time when investors are increasingly concerned about weakening profitability. An underweight stance on oil and gas stocks and poor returns from both Delivery Hero (-62.6%) and JustEat (-68.3%), however, detracted from returns. Holdings in lowcost airlines, including Wizz Air (-58.1%), also impacted negatively despite clear evidence of rising fares, as fuel costs continued to rise (though airports have cancelled many flights).

Japanese holdings underperformed both the local benchmark and the global index. The strategy suffered headwinds, with quality growth stocks on relatively high multiples underperforming materially relative to value stocks, as expectations for higher global interest rates picked up. Lockdown thematic winners like Keyence (-39.2%) and Hoya (-35.7%) underperformed and, as was the case with some of our other managers, lack of exposure to energy and utility stocks was detrimental to returns.

Our private equity holdings had a strong first half, posting overall gains of 4.7%. Our recent commitments, where we hold 8.3% of the portfolio assets, posted strong returns of 7.9%, as did our older holdings overseen by Pantheon and HarbourVest which delivered a gain of 6.6%. Both returns were substantially ahead of listed markets. Elsewhere, we saw good progress on our Pantheon Future Growth allocation, which became fully committed and which invests into leading growth and venture managers. We have made a further $180m commitment to a new and similar programme also managed by Pantheon. These, and other private equity holdings, are long-term in nature and, historically, we have enjoyed good returns against public market equivalents from such positions. More disappointing returns were delivered from our holdings in life sciences investor Syncona (-3.8%), and the Baillie Gifford managed Schiehallion fund (-43.4%) which fell from a premium to a discount over the period.

A substantial rise in market interest rates led to a reduction in the fair value of our debt over the period. Indeed, with ten-year gilt yields rising from less than 1% at the start of the year to over 2.2% by the end of June, this shift in pricing added 2.5% to our NAV return over the six months. The impact of gearing in a declining market was -1.0%.

Current Market Perspective

The current backdrop is challenging for the global economy and for financial markets. Investors are increasingly concerned that recession will hit major developed economies later this year and into 2023 as central bankers increase interest rates and rein in excess liquidity. In addition, inflation is proving more problematic than many had originally envisaged, raising questions over the level that interest rates will reach and how deep the growth downturn will be.

Having seen a substantial reduction in valuations in equities, led by more expensive parts of the market, and a significant change in expectations over interest rates, there is likely to be greater investor focus on margins, cashflows and overall corporate earnings in the coming months. Here, consensus still seems reasonably optimistic. This presents some further near-term risk to equity markets. Nonetheless, and despite a period which is likely to continue to see further volatility in returns, opportunities are emerging. Valuations have corrected and are more attractive for long-term investors. While margins are at risk, equities will provide some hedge to inflation as corporates pass on price rises to consumers. With a relatively high holding of cash and diversified exposure across a range of different equity strategies we believe that the Company is appropriately positioned for the difficult market conditions that we expect. Given our longer-term perspective, however, we expect to be in a strong position to take advantage of investment opportunities as they emerge and to benefit from a recovery in equity markets in due course.

Paul Niven
Fund Manager
22 July 2022

Weightings, stock selection and performance in each investment portfolio strategy and underlying geographic exposure versus index as at 30 June 2022					
Investment portfolio strategy	Our portfolio strategy weighting	Underlying geographic exposure*	Benchmark weighting	Our strategy performance in sterling	Index performance in sterling
	%	%	%	%	%
North America	39.6	57.1	61.8	(12.1)	(11.6)
Europe inc UK	10.8	23.8	16.0	(13.8)	(12.2)
Japan	4.6	6.9	6.3	(16.8)	(10.2)
Emerging Markets	7.2	8.4	11.0	(12.5)	(8.1)
Developed Pacific	-	3.8	4.9	-	(6.1)
Global Strategies	24.8	-	-	(11.9)	(10.7)
Private Equity	13.0	-	-	4.7	-

Source: Columbia Threadneedle/State Street

*Represents the geographic exposure of the portfolio, including underlying exposures in private equity and fund holdings

UNAUDITED CONDENSED INCOME STATEMENT

Notes		**6 months to 30 June 2022**			6 months to 30 June 2021		
		Revenue £'000s	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
	(Losses)/gains on investments and derivatives	**-**	**(649,585)**	**(649,585)**	-	487,969	487,969
	Exchange gains/(losses)	**335**	**(7,158)**	**(6,823)**	(216)	7,922	7,706
3	Income	**50,833**	**-**	**50,833**	40,396	-	40,396
4	Fees and other expenses	**(4,848)**	**(6,784)**	**(11,632)**	(3,975)	(7,206)	(11,181)
	Net return before finance costs and taxation	**46,320**	**(663,527)**	**(617,207)**	36,205	488,685	524,890
4	Interest payable and similar charges	**(1,751)**	**(5,255)**	**(7,006)**	(1,221)	(3,663)	(4,884)
	Net return on ordinary activities before taxation	**44,569**	**(668,782)**	**(624,213)**	34,984	485,022	520,006
5	Taxation on ordinary activities	**(5,373)**	**(551)**	**(5,924)**	(3,630)	(138)	(3,768)
6	**Net return attributable to shareholders**	**39,196**	**(669,333)**	**(630,137)**	31,354	484,884	516,238
6	**Net return per share - basic (pence)**	**7.48**	**(127.67)**	**(120.19)**	5.86	90.69	96.55

The total column is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

Notes	Half-year ended 30 June 2022	Share capital £’000s	Capital redemption reserve £’000s	Capital reserves £’000s	Revenue reserve £’000s	Total shareholders’ funds £’000s
	Balance brought forward 31 December 2021	140,455	122,307	4,924,320	93,852	5,280,934
	Movements during the half-year ended 30 June 2022					
11	Shares repurchased by the Company and held in treasury	-	-	(54,352)	-	(54,352)
7	Dividends paid	-	-	-	(52,382)	(52,382)
	Return attributable to shareholders	-	-	(669,333)	39,196	(630,137)
	Balance carried forward 30 June 2022	**140,455**	**122,307**	**4,200,635**	**80,666**	**4,544,063**

Notes	Half-year ended 30 June 2021	Share capital £’000s	Capital redemption reserve £’000s	Capital reserves £’000s	Revenue reserve £’000s	Total shareholders’ funds £’000s
	Balance brought forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560
	Movements during the half-year ended 30 June 2021					
	Shares repurchased by the Company and held in treasury	-	-	(34,059)	-	(34,059)
7	Dividends paid	-	-	-	(33,709)	(33,709)
	Return attributable to shareholders	-	-	484,884	31,354	516,238
	Balance carried forward 30 June 2021	140,455	122,307	4,598,693	98,575	4,960,030

Notes	Year ended 31 December 2021	Share capital £’000s	Capital redemption reserve £’000s	Capital reserves £’000s	Revenue reserve £’000s	Total shareholders’ funds £’000s
	Balance brought forward 31 December 2020	140,455	122,307	4,147,868	100,930	4,511,560
	Movements during the year ended 31 December 2021					
	Shares repurchased by the Company and held in treasury	-	-	(84,326)	-	(84,326)
7	Dividends paid	-	-	-	(65,578)	(65,578)
	Return attributable to shareholders	-	-	860,778	58,500	919,278
	Balance carried forward 31 December 2021	140,455	122,307	4,924,320	93,852	5,280,934

UNAUDITED CONDENSED BALANCE SHEET

Notes		**30 June 2022 £'000s**	30 June 2021 £'000s	31 December 2021 £'000s
	Fixed assets			
8	Investments	**4,850,660**	5,397,368	5,779,123
	Current assets			
	Debtors	**15,589**	55,875	8,267
14	Cash and cash equivalents	**352,290**	54,903	53,111
	Total current assets	**367,879**	110,778	61,378
	Creditors: amounts falling due within one year			
9, 14	Loans	**(61,981)**	-	(110,452)
10	Other	**(31,765)**	(45,678)	(9,277)
	Total current liabilities	**(93,746)**	(45,678)	(119,729)
	Net current assets/(liabilities)	**274,133**	65,100	(58,351)
	Total assets less current liabilities	**5,124,793**	5,462,468	5,720,772
	Creditors: amounts falling due after more than one year			
9, 14	Loans	**(580,155)**	(501,863)	(439,263)
9, 14	Debenture	**(575)**	(575)	(575)
		(580,730)	(502,438)	(439,838)
	Net assets	**4,544,063**	4,960,030	5,280,934
	Capital and reserves			
11	Share capital	**140,455**	140,455	140,455
	Capital redemption reserve	**122,307**	122,307	122,307
	Capital reserves	**4,200,635**	4,598,693	4,924,320
	Revenue reserve	**80,666**	98,575	93,852
12	**Total shareholders' funds**	**4,544,063**	4,960,030	5,280,934
12	**Net asset value per ordinary share – prior charges at nominal value (pence)**	**873.36**	931.59	1,002.49

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

Notes		**Half-year ended 30 June 2022 £'000s**	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
13	**Cash flows from operating activities before dividends received and interest paid**	**(18,723)**	(11,756)	(27,576)
	Dividends received	**49,033**	39,477	77,652
	Interest paid	**(6,108)**	(4,843)	(11,037)
	Cash flows from operating activities	**24,202**	22,878	39,039
	Investing activities			
	Purchases of Investments	**(1,236,993)**	(1,322,861)	(2,527,995)
	Sales of Investments	**1,519,188**	1,259,446	2,483,392
	Other capital charges and credits	**(24)**	(26)	(56)
	Cash flows from investing activities	**282,171**	(63,441)	(44,659)
	Cash flows before financing activities	**306,373**	(40,563)	(5,620)
	Financing activities			
	Equity dividends paid	**(35,733)**	(33,709)	(65,578)
14	Repayment of loans	**(50,000)**	(100,000)	(120,000)
14	Drawdown of loans	**140,000**	200,000	270,000
	Cash flows from share buybacks for treasury shares	**(53,812)**	(31,273)	(83,961)
	Cash flows from financing activities	**455**	35,018	461
14	Net increase/(decrease) in cash and cash equivalents	**306,828**	(5,545)	(5,159)
	Cash and cash equivalents at the beginning of the period	**53,111**	46,654	46,654
14	Effect of movement in foreign exchange	**(7,649)**	13,794	11,616
	Cash and cash equivalents at the end of the period	**352,290**	54,903	53,111

Represented by:

Cash at bank	**219,657**	24,711	27,798
Short term deposits	**132,633**	30,192	25,313
Cash and cash equivalents at the end of the period	**352,290**	54,903	53,111

UNAUDITED NOTES ON THE CONDENSED ACCOUNTS

1 Results

The results for the six months to 30 June 2022 and 30 June 2021 constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 December 2021; the report of the Auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The condensed financial statements shown for the year ended 31 December 2021 are an extract from those accounts.

2 Accounting policies

(a) Basis of preparation

These condensed financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006, Interim Financial Reporting (FRS 104) and the revised Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP), issued by the AIC in April 2021.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 31 December 2021.

(b) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The area requiring the most significant judgement and estimation in the preparation of the financial statements is accounting for the value of unquoted investments.

The policy for valuation of unquoted securities is set out in note 8 of the accounts and further information on Board procedures is contained in the Report of the Audit Committee and note 26(d) of the Report and Accounts as at 31 December 2021. The choice to only apply cash flows in the roll forward is a judgment made each year for the indirect investments. Material judgements were applied to the valuation of the Company's direct investment, Inflexion Strategic Partners. This investment was valued using the earnings method multipled by a comparable quoted company multiple (where the judgement of which comparable companies to select and what discounts to apply are subjective). The fair value of unquoted (Level 3) investments, as disclosed in note 8, represented 12.2% of total investments at 30 June 2022. Under foreseeable market conditions the collective value of such investments may rise or fall in the short term by more than 25%, in the opinion of the Directors. A fall of 25% in the value of the unlisted (Level 3) portfolio at the half-year would equate to £148m or 3.3% of net assets and a similar percentage rise should be construed accordingly.

3 Income

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s
Income comprises:		
UK dividends	**4,649**	4,135
Overseas dividends	**45,988**	36,119
Interest on short-term deposits and other income	**196**	142
Income	**50,833**	40,396

Included within income is £1.0m (30 June 2021: £0.6m; 31 December 2021: £1.4m) of special dividends classified as revenue in nature.

The value of special dividends treated as capital in nature is £0.1m (30 June 2021: £0.0m; 31 December 2021: £1.5m).

4 Fees and other expenses and interest payable and similar charges

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s
Fees and other expenses	**11,632**	11,181
Interest payable and similar charges	**7,006**	4,884
Total	**18,638**	16,065
Fees and other expenses comprise:		
Allocated to Revenue Account		
- Management fees payable directly to the Manager*	**2,252**	2,391
- Other expenses	**2,596**	1,584
	4,848	3,975
Allocated to Capital Account		
- Management fees payable directly to the Manager*	**6,755**	7,172
- Other expenses	**29**	34
	6,784	7,206
Interest payable and similar charges comprise:		
Allocated to Revenue Account	**1,751**	1,221
Allocated to Capital Account	**5,255**	3,663

* Including reimbursement in respect of services provided by sub-managers

The Manager's remuneration is based on a fee of 0.325% (0.35% up to 31 December 2021) per annum of the market capitalisation of the Company up to £3.0 billion, 0.30% between £3.0 and £4.0 billion, and 0.25% above £4.0 billion calculated at each month end date on a pro-rata basis. The fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager. Variable fees payable in respect of third party sub-managers are also reimbursed. The services provided by the Manager remain unchanged from those disclosed within the accounts for the year ended 31 December 2021. The level of variable fees payable in respect of third party sub-managers and private equity managers remain unchanged since the year end.

5 Taxation

The taxation charge of £5,924,000 (30 June 2021: £3,768,000) relates to irrecoverable overseas taxation and Indian tax on capital gains.

6 Net return per share

Net return per ordinary share attributable to ordinary shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not indicative of the total likely to be received in the full accounting year.

	Half-year ended 30 June 2022 pence	**Half-year ended 30 June 2022 £'000s**	Half-year ended 30 June 2021 pence	Half-year ended 30 June 2021 £'000s
Revenue return	**7.48**	**39,196**	5.86	31,354
Capital return	**(127.67)**	**(669,333)**	90.69	484,884
Total return	**(120.19)**	**(630,137)**	96.55	516,238
Weighted average ordinary shares in issue excluding treasury shares (see note 11)		**524,268,795**		534,639,847

7 Dividends

Dividends paid and payable on ordinary shares	Register date	Payment date	**Half-year ended 30 June 2022 £'000s**	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
2020 Third interim of 2.90p	3-Jan-2021	01-Feb-2021	**–**	15,563	15,563
2020 Final of 3.40p	16-Apr-2021	13-May-2021	**–**	18,146	18,146
2021 First interim of 3.00p	16-Jul-2021	2-Aug-2021	**–**	–	15,967
2021 Second interim of 3.00p	8-Oct-2021	1-Nov-2021	**–**	–	15,902
2021 Third interim of 3.00p	7-Jan-2022	1-Feb-2022	**15,804**	–	–
2021 Final of 3.80p	8-Apr-2022	10-May-2022	**19,929**	–	–
2022 First interim of 3.20p	1-Jul-2022	1-Aug-2022	**16,649**	–	–
			52,382	33,709	65,578

The Directors have declared a first interim dividend in respect of the year ending 31 December 2022 of 3.20p per share, payable on 1 August 2022 to all shareholders on the register at close of business on 1 July 2022. The amount of this dividend will be £16,649,000 based on 520,294,833 shares in issue at 30 June 2022. This amount has been accrued in the results for the half-year ended 30 June 2022 as the ex-dividend date was 30 June 2022.

8 Investments
Fair value hierarchy
The Company's Investments as disclosed in the balance sheet are valued at fair value.
The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level 1 includes investments and derivatives listed on any recognised stock exchange or quoted on the AIM market in the UK and quoted open-ended funds.

Level 2 includes investments for which the quoted price has been suspended, forward exchange contracts and other derivative instruments.

Level 3 includes investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles, for which observable market data is not specifically available.

The analysis of the valuation basis for financial instruments based on the hierarchy is as follows:

	As at 30 June 2022 £'000s	As at 30 June 2021 £'000s	As at 31 December 2021 £'000s
Level 1	**4,259,149**	4,951,479	5,259,951
Level 3	**591,511**	445,889	519,172
Total valuation of investments	**5,850,660**	5,397,368	5,779,123

With respect specifically to investments in Private Equity, whether through funds or partnerships, the Directors rely on the latest available unaudited quarterly valuations of the underlying unlisted investments as supplied by the investment advisers or managers of those funds or partnerships. The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the principal accounting policies as stated in the year end report and accounts.

No investments held at 30 June 2022, 30 June 2021 or 31 December 2021 were valued in accordance with level 2.

Derivative instruments
Derivative instruments included forward exchange contracts with a net unrealised capital loss of £1.6m as at 30 June 2022 (30 June 2021: unrealised capital loss of £1.2m and 31 December 2021: unrealised capital loss of £4.8m).

9 Loans and Debenture

	30 June 2022 £'000s	30 June 2021 £'000s	31 December 2021 £'000s
Loans falling due within one year	**61,981**	-	110,452
Loans falling due after more than one year	**580,155**	501,863	439,263
Debenture falling due after more than one year	**575**	575	575
Comprising:			
Sterling denominated loan, falling due within one year	**-**	-	£50m
Euro denominated loan, falling due within one year	**€72m**	-	€72m
Sterling denominated loan, falling due after more one year	**£544m**	£404m	£404m
Euro denominated loan, falling due after more than one year	**€42m**	€114m	€42m
4.25% perpetual debenture stock	**£0.575m**	£0.575m	£0.575m

In March 2022 the Company issued fixed rate senior unsecured notes in tranches of £50 million, £45 million and £45 million expiring in March 2037, March 2056 and March 2061 respectively. Interest rates applying to the notes are commercially competitive and fixed until the expiry dates.

10 Other creditors falling due within one year

	30 June 2022 £'000s	30 June 2021 £'000s	31 December 2021 £'000s
Cost of ordinary shares repurchased	**1,325**	3,205	784
Investment creditors	**8,346**	37,955	42
Management fee payable to the Manager	**1,726**	2,173	2,241
Foreign exchange contracts	**1,559**	1,205	4,806
Dividend payable	**16,649**	-	-
Other accrued expenses	**2,160**	1,140	1,404
	31,765	45,678	9,277

11 Share capital

Equity share capital	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue nominal £'000s
Ordinary shares of 25p each				
Balance at 31 December 2020	**35,035,876**	**526,783,140**	**561,819,016**	**140,455**
Shares repurchased by the Company and held in treasury	**6,488,307**	**(6,488,307)**	**-**	**-**
Balance at 30 June 2021	**41,524,183**	**520,294,833**	**561,819,016**	**140,455**

6,488,307 shares were repurchased during the period at a cost of £54,352,000. Shares held in treasury have no voting rights and no right to dividend distributions and are excluded from the calculations of earnings per share and net asset value per share.

12 Net asset value per ordinary share

	30 June 2021	30 June 2021	31 December 2021
Net asset value per share -pence	**873.36**	931,59	1,002.49
Net assets attributable at end of period - £'000s	**4,544,063**	4,960,030	5,280,934
Ordinary shares of 25p in issue at end of period excluding shares held in treasury - number	**520,294,833**	532,428,251	526,783,140

Net asset value per share (with the debenture stock and long-term loans at market value) at 30 June 2022 was 892.77p (30 June 2021: 927.41p and 31 December 2021: 998.72p). The market value of debenture stocks at 30 June 2022 was £429,000 (30 June 2021 and 31 December 2021: £429,000). The market value of the long-term loans at 30 June 2022 was £479,338,000 (30 June 2021: £524,243,000 and 31 December 2021: £458,896,000) based on the equivalent benchmark gilts or relevant commercially available current debt.

13 Reconciliation of net return before taxation to cash flows from operating activities

	Half-year ended 30 June 2022 £'000s	Half-year ended 30 June 2021 £'000s	Year ended 31 December 2021 £'000s
Net return on ordinary activities before taxation	**(624,213)**	520,006	927,156
Adjust for non-cash flow items, dividend income and interest expense:			
Losses/(gains) on investments	**649,585**	(487,969)	(879,862)
Exchange losses/(gains)	**6,823**	(7,706)	(4,075)
Non-operating expense of a capital nature	**29**	34	57
(Increase)/decrease in other debtors	**(112)**	24	60
Decrease in creditors	**(635)**	(341)	(61)
Dividends receivable	**(50,637)**	(40,254)	(77,618)
Interest payable	**7,006**	4,884	11,113
Tax on overseas income and Indian Capital Gains Tax	**(6,569)**	(434)	(4,346)
	605,490	(531,762)	(954,732)
Cash flows from operating activities (before dividends received and interest paid)	**(18,723)**	(11,756)	(27,576)

14 Analysis of changes in net debt

	Cash £'000s	Short term loans £'000s	Long term loans £'000s	Debenture £'000s	Forward FX £'000s	Total £'000s
Opening net debt as at 31 December 2021	**53,111**	**(110,452)**	**(439,263)**	**(575)**	**(4,806)**	**(501,985)**
Cash-flows:						
Drawdown of loans	-	-	(140,000)	-	-	(140,000)
Repayment of bank loans	-	50,000	-	-	-	50,000
Net movement in cash and cash equivalents	306,828	-	-	-	-	306,828
Non-cash:						
Effect of foreign exchange movements	(7,649)	(1,529)	(892)	-	3,247	(6,823)
Closing net debt as at 30 June 2022	**352,290**	**(61,981)**	**(580,155)**	**(575)**	**(1,559)**	**(291,980)**

15 Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have also considered the Company's objective, strategy and policy; current cash position; the availability of loan finance; compliance with all financial loan and private placement covenants; and the operational resilience of the Company and its service providers. It is recognised that the Company is mainly invested in readily realisable, globally listed securities that can be sold, if necessary, to repay indebtedness.

Based on this information and their knowledge and experience of the Company's portfolio and stockmarkets, the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

Statement of Principal and Emerging Risks and Uncertainties

The Company's principal risks and uncertainties are described in detail under the heading 'Principal risks and future prospects' within the strategic report in the Company's annual report for the year ended 31 December 2021. They include: failure to access the targeted market or meet investor needs or expectations; inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives may lead to investment underperformance; failure of the management company to continue to operate effectively resulting from inadequate systems or resources or through loss of key staff; COVID-19 and the implementation of hybrid working arrangements and increased sophistication of cyber threats have heightened the risk of loss through errors, fraud or control failures at service providers or loss of data through business continuity failure.

In the view of the Board, there have not been any material changes to the fundamental nature of these risks and they are applicable to the remainder of the financial year.

Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK Accounting Standards on a going concern basis and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal and Emerging Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board
Beatrice Hollond
Chairman
22 July 2022

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Columbia Threadneedle Investment Business Limited,
Company Secretary

ENDS

A copy of the half report will shortly be submitted to the National Storage Mechanism and will be available for inspection at www.fca.org.uk

The half-year report will be posted to shareholders and made available on the internet at www.fandc.com shortly. Copies may be obtained during normal business hours from the Company's Registered Office, Exchange House, Primrose Street, London EC2A 2NY.

Columbia Threadneedle Investment Business Limited