F&C

INVESTMENT TRUST

SINCE 1868

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

2023-24 Financial Calendar	
Annual General Meeting	27 April 2023
Final dividend for 2022 payable	11 May 2023
Interim Results for 2023 announced	end July 2023
First interim dividend for 2023 payable	August 2023
Second interim dividend for 2023 payable	November 2023
Third interim dividend for 2023 payable	February 2024
Final Results for 2023 announced	March 2024
Final dividend for 2023 payable	May 2024

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in F&C Investment Trust PLC please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

TRUE TO OUR GOAL FOR OVER 150 YEARS

Our focus has never wavered since the day we were founded in 1868. Our approach aims to deliver long-term growth in capital and income. To achieve this, we invest on the world's major and developing stock markets in the shares of established companies, strong newcomers and rising stars.

It's a diverse portfolio strategy that also gives investors exposure to a range of well managed private equity funds and co-investments. Whether you're new to investing or looking to add a firm foundation to your existing portfolio, our approach could be right for you.

F&C®

INVESTMENT TRUST

SINCE 1868

COMPANY OVERVIEW

F&C Investment Trust PLC (the **'Company'** or **'FCIT'** or **'F&C'**) was founded in 1868 as the first investment trust with the purpose of providing the investor of more moderate means access to the same opportunities and advantages as the very largest investors.

This purpose continues today, providing a foundation for the long-term investment needs of large and small investors through a diversified, convenient and cost effective global investment choice.

Our objective is to achieve long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and private equity, combined with the use of gearing.

Our approach is designed to obtain the investment performance benefits from a range of individually concentrated global and regional portfolios alongside the diversification benefits of lower risk and lower volatility achieved by managing these portfolios in combination. Offering a globally diversified portfolio of growth assets, the Company aims to be a core investment choice through all available channels.

The Company continues to evolve, allowing it to keep pace with new investment opportunities and maintain its relevance in today's world. A commitment has been made to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. The Company is suitable for retail investors in the UK, professionally advised private clients and institutional investors who seek growth in capital and income from investment in global markets and who understand and are willing to accept the risks, as well as the rewards, of exposure to equities.

VISIT OUR WEBSITE AT **FANDC.COM**

The Company is registered in England and Wales with company registration number 12901
Legal Entity Identifier: 213800W6B18ZHTNG7371

FORWARD-LOOKING STATEMENTS
This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are up to date as at the date of this report and are based on the Directors' current view and on information available to them as at that date. There is no obligation to update the statements and nothing should be construed as a profit forecast.

FINANCIAL HIGHLIGHTS

-0.9% — **-0.9% Share Price Total Return***

-5.3% — **Net Asset Value Total Return* (with debt at market value) of -5.3%, which was ahead of the return from our benchmark, the FTSE All-World Index, of -7.7%**

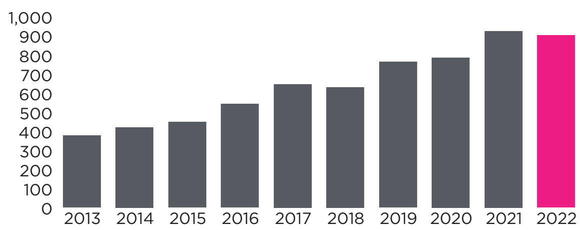
52nd — **Annual dividend*† per share up by 5.5% to 13.5p, our 52nd consecutive annual increase**

3.0% — **Our Discount* to NAV, moved from 7.3% to end the year at 3.0%**

DELIVERING LONG-TERM GROWTH IN CAPITAL AND INCOME

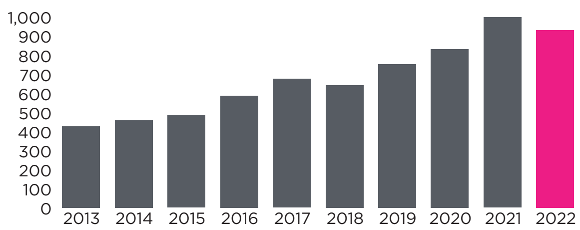
In the last ten years the Company has grown a £1,000 investment, with dividends reinvested, to £3,407.

Mid-market price per share at 31 December – pence



Source: Columbia Threadneedle Investments

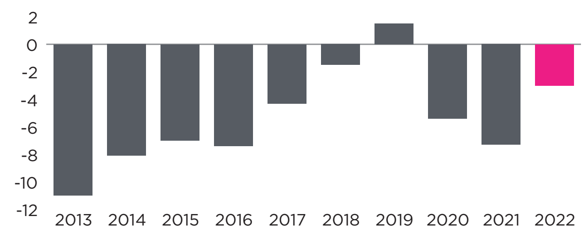
Net asset value* per share with debt at market value at 31 December – pence



Source: Columbia Threadneedle Investments

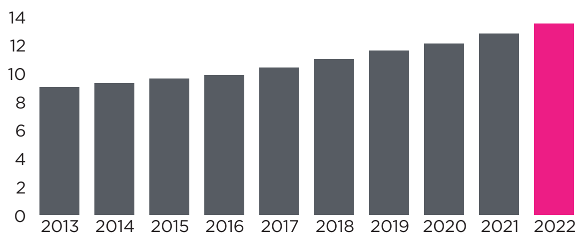
A dividend has been paid every year since inception and has increased every year for the past 52 years. Over the last ten years it has increased by 58.8% (4.7% compound per annum), compared with inflation of 30.3% (2.7% compound per annum).

Share price discount/premium* to net asset value* at 31 December – %



Source: Columbia Threadneedle Investments

Total dividends*† per share – pence



Source: Columbia Threadneedle Investments

Potential investors are reminded that the value of investments and the income from dividends may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

* See Alternative Performance Measures on page 115.
† The final dividend for 2022 is subject to shareholder approval at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT

"REFLECTING FURTHER ON LONGER-TERM RETURNS AND THE POWER OF COMPOUNDING, OVER THE TWENTY-YEAR PERIOD TO 31 DECEMBER 2022 THE COMPANY'S SHARE PRICE TOTAL RETURN WAS +743.5%, EQUIVALENT TO +11.2% PER ANNUM."

Dear Shareholder,

2022 was a challenging year for the world and for financial markets, with global equities delivering their weakest annual returns since the Global Financial Crisis of 2008. At the same time, government bond markets suffered their steepest losses in decades. Investors grappled with geopolitical concerns, dominated by the war in Ukraine, and the impact of sharp rises in inflation, leading to aggressive rises in interest rates. Against this backdrop, a sharp decline in sterling against major currencies helped to cushion the decline in our Net Asset Value (**'NAV'**). Our NAV total return, taking debt at market value, of -5.3% outperformed the return from our benchmark of -7.7% and the discount on which our share price traded relative to NAV per share narrowed, from a start of year level of 7.3%, to end the year at 3.0%. The narrowing of our discount enhanced shareholder returns, resulting in a share price total return of -0.9%. While it is disappointing to report negative returns for shareholders, this return was the strongest amongst our peer group of global investment companies.

Our strong performance, in comparison to other UK listed companies, led to our promotion, for the first time since 2009, to the FTSE 100 in September 2022. Our inclusion in the index of the largest 100 UK companies increases the Company's profile to investors and may lead to higher demand for our shares, which in turn may assist in narrowing the discount at which they trade.

Our NAV per share, with debt at market value, fell from 998.7p per share to 932.1p per share and our share price fell from 926.0p to 904.0p. Again, while disappointing to report a decline, this was modest by comparison to deeper losses in equity markets.

I am pleased to report that our portfolio was relatively well positioned for the volatility which unfolded during the year, with cash levels raised and gearing reduced ahead of significant market declines. A reduction in our long position on sterling, which fell by -10.7% against the US dollar in response to rising US interest rates, declining investor risk appetite and UK domestic political concerns, as well as the sale of our small cap allocation also helped returns. A significant positive contributor was the material reduction in exposure to expensive growth stocks, which provided some protection against their underperformance. Our private equity holdings once again outperformed their listed equivalents which declined in value and lagged the return from the benchmark. The impact of gearing in a weak market environment detracted from our returns but we made significant mark-to-market gains on the fair value of our outstanding debt as a result of rises in global interest rates.

Within our listed portfolio, all regions lost value over the year although the sharp decline in sterling against major currencies reduced the scale of the losses. Value and income-oriented strategies delivered strong excess returns against both the market and growth-focused portfolios. While we were tilted towards these outperforming areas in our listed portfolio, the underperformance from stock specific exposure offset the positive impact of this decision. Indeed, while there were some notable highlights, it was a year of disappointing returns from a number of our underlying fund managers, leading to our listed exposure underperforming the benchmark for the year.

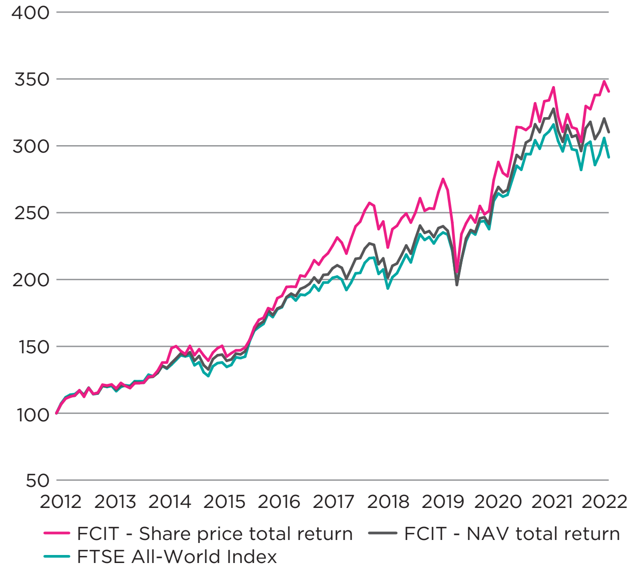
In contrast to lacklustre returns from listed equities, our private equity holdings had another strong year with our recent commitments delivering gains in absolute terms. While there is typically a lag in recognising changes in valuations of private equity holdings and one must take a long-term perspective in considering results, it is pleasing that our portfolio of unlisted investments held up well in this challenging market environment. The Company holds very limited exposure to unlisted disruptive technology companies, many of which have been the subject of significant reductions in valuation. Nonetheless, the Board remains mindful of the risks associated with unlisted investments and continues to adopt a careful approach to both valuation and any new commitment opportunities.

A CONTINUED FOCUS ON THE LONG-TERM

While it was disappointing to lose value for shareholders in 2022, we remain firmly focused on the delivery of growth in both capital and income for shareholders over the long-term. The past decade remains a period where investors in global equities have enjoyed exceptional returns and your Company has delivered a total shareholder return of +240.7% over the ten-year period to the end of 2022, equivalent to +13.0% per annum. 2022 was only the second year in the past decade during which shareholder returns have been negative, with 2018 seeing a similarly modest decline (0.6%).

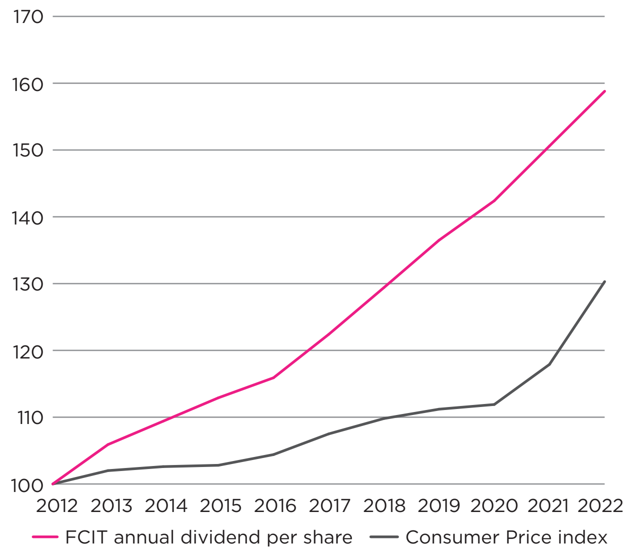
Reflecting further on longer-term returns and the power of compounding, over the twenty-year period to 31 December 2022 the Company's share price total return was +743.5%, equivalent to +11.2% per annum. Our capital-only return over the past twenty years was +454.6%. Dividends paid to shareholders have risen by 4.7% per annum over the past decade and by 7.0% per annum over the past twenty years. Such results continue to demonstrate the importance of compounding income and capital gains over long periods in the process of value creation for shareholders.

FCIT NAV and share price performance vs Benchmark[1] over 10 years



Source: Columbia Threadneedle Investments & Refinitiv Eikon

Increase in FCIT annual dividend per share vs Consumer Price Index over 10 years



Source: Columbia Threadneedle Investments & Refinitiv Eikon

(1) See glossary of terms on page 118 for explanation of "benchmark".

FIFTY SECOND CONSECUTIVE ANNUAL DIVIDEND INCREASE

After a sharp downturn in our revenue during 2020, we enjoyed a robust recovery in 2021 which continued over the course of 2022. Our earnings rose on the year to £72.6m, a record high, while special dividends increased slightly to £1.6m (2021: £1.4m). The impact of currency movements added £4.9m to our income (2021: detracted £4.0m). Our Net Revenue Return per share rose by 26.7% to 13.92 pence per share from 10.99 pence per share in 2021.

Inflation rose sharply over the year and, while annual rates of Consumer Price Index (**'CPI'**) increases may now be past their highs, the backdrop is one where price pressures are expected to remain elevated for some time to come. While it remains the ambition of the Board to deliver real rises in dividends for shareholders over the long-term, it is also our intention to deliver sustainable rises in dividends. I am therefore delighted to report that the proposed annual dividend will be fully covered by our revenue.

Subject to approval at the Annual General Meeting (**'AGM'**), shareholders will receive a final dividend of 3.9 pence per share on 11 May 2023, bringing the total dividend for 2022 to 13.5 pence: an increase of 5.5% over that of 2021. The increase compares to the 10.5% rise in inflation as measured by the CPI, which in October reached its highest level for over forty years. In addition, as well as being our fifty second consecutive rise in annual dividends, it is our one hundred and fifty fifth annual dividend payment.

Shareholders can also take comfort that in addition to our substantial revenue reserve (£97.5m at the year end), we have capital reserves which stood at £4.3bn at the year end. We therefore remain in a very strong position to continue our track record of increasing annual dividends well into the future.

MARKETING

We launched our new branding at the FCIT sponsored lecture held last July at The Guildhall, London. The lecture, which focused on "Smart Choices for a Smarter Future" was a great success and we hope to host another such event in 2024. The new branding has been supported by a marketing campaign which will continue into 2023 and is aimed at increasing awareness of the benefits of investing in the Company and attracting new investors. We hope shareholders like the new look of our Annual Report.

COMPANY RATING AND EFFICIENCY

Prior to the Covid-19 pandemic your Company was trading at a premium rating and we issued shares in both 2018 and 2019. In 2020 and 2021 we saw the re-emergence of a discount in our share price relative to NAV but it is pleasing to report an improvement in the Company's rating over the course of last year. We bought back a total of 8.4m shares into treasury as part of our commitment towards achieving a sustainably low deviation between the share price and NAV. The discount averaged 7.5% over 2022 and ended the year at 3.0%, narrower than the 7.3% level at the start of the year. The narrowing in our discount was accretive to the shareholder total return over the year.

Our Ongoing Charges figure remained at 0.54%, the same level as 2021, with an increase in marketing expenses being offset by a reduction in the management fee paid. From 1 January 2023, as explained in last year's Annual Report, the management fee was reduced to a rate of 0.3% on our market capitalisation up to £4 billion and at 0.25% thereafter. The Board remains focused on delivering value for money for shareholders as part of its performance objectives.

BORROWINGS

In recent years we have taken advantage of historically low interest rates to secure long-dated fixed rate borrowings. We reported in last year's Annual Report that, in the closing stages of 2021, we had agreed £140m of borrowings with repayment dates between 2037 and 2061. These borrowings were drawn down during the first quarter although, given the near term caution of the Fund Manager, they have not yet been invested into equity markets.

As at the end of 2022 we had outstanding debt of £581.3m and a blended borrowing rate of less than 2.4%. These are exceptionally low rates of borrowing for your Company and represent a low hurdle which we expect the returns from our investments to exceed and, therefore, expect that the use of these borrowings will prove accretive to returns over the long-term. At the year end, we held £244m in cash and cash equivalents leading to an effective gearing level (with debt at par value) of 7.3% (2021: 9.4%).

A notable feature of the year was the sharp rise in borrowing costs for both governments and companies. The rise in market based borrowing costs led to a substantial reduction (£182m) in the fair value of our outstanding debt. Indeed, taking debt at fair value, our effective gearing level fell from 9.8% at the start of the year to 3.5% at the end.

BOARD COMPOSITION

Julie Tankard joined the Board on 1 August 2022 as Chairman of the Audit Committee, replacing Jeffrey Hewitt, who retired at the conclusion of the 2022 Annual General Meeting. Her appointment continues our planned sequence of Board changes and again reflects our focus on maintaining the highest level of skills and knowledge on the Board. I would like to thank Jeff once again for his significant contribution in chairing the Audit Committee for 10 years.

Francesca Ecsery will retire at the conclusion of the forthcoming AGM and the process to appoint her successor is in progress. We thank Francesca for her very considerable contribution over almost 10 years, through her expertise in consumer marketing and branding and her guidance on the effective promotion of the Company's investment proposition.

ANNUAL GENERAL MEETING

It was a great pleasure to be able to meet shareholders again last year as we returned to an in-person AGM. It was a "hybrid" meeting, as we also enabled shareholders to view the AGM and participate by asking questions and voting online. We will again offer shareholders the opportunity to participate online at this year's AGM. Full details of how to do so are set out in the letter that accompanies your Form of Proxy or Form of Direction.

Voting at this year's AGM will again be conducted by way of a poll and you are requested to lodge your votes ahead of the meeting by completing your Form of Proxy or Form of Direction in accordance with the instructions. Its completion and return will not preclude you from attending the meeting and voting in person. If you are unable to attend the AGM, you are requested to submit any questions you may have with regard to the resolutions proposed at the AGM, or the performance of the Company, in advance of the meeting to fcitagm@columbiathreadneedle.com. Following the AGM, the Fund Manager's presentation will be available on the Company's website www.fandc.com.

OUTLOOK

In 2022 we witnessed a profound change in the backdrop which had supported equity markets in recent decades. High inflation and rising interest rates punctured extended valuations in equity markets and delivered sharp losses for investors in the most expensive segments of the market. While company fundamentals in many leading businesses may not have changed significantly, the price which investors are willing to ascribe to the prospect of future success has diminished.

Despite declines in equity markets last year leading to a more reasonable valuation backdrop, there are still significant near-term risks. While recent rises in food and energy prices are a challenge, especially to consumers and businesses in Europe and the UK, domestically generated inflation remains uncomfortably high in the US and UK in particular. The bulk of tightening may now be behind us, but there are likely to be more interest rate rises to come and risks to economic growth and corporate earnings are high. Indeed, there is a possibility of recession in coming quarters in many developed economies and corporate margins are likely to remain under pressure over the course of this year.

While the near-term outlook for equity markets remains challenging, we continue to have a long-term investment focus. We have secured long-dated fixed borrowings at the lowest rates of interest for generations and recent setbacks in markets should provide greater prospective returns for the patient investor. We have significant cash which can be deployed to take advantage of long-term opportunities that we expect to arise. In doing so, we will continue to be mindful of our approach to investing responsibly and to our commitment to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. While the period of exceptional returns from equity markets and from US equities in particular appears to be over, we remain focused on our overriding objective in the delivery of long-term growth in capital and income for our shareholders.

Beatrice Hollond
8 March 2023

FUND MANAGER'S REVIEW

"DESPITE EXTREMELY CHALLENGING MARKET CONDITIONS, THE COMPANY PRODUCED A NAV TOTAL RETURN OF -5.3% ON THE YEAR AGAINST THE BENCHMARK RETURN OF -7.7% WHILE OUR SHAREHOLDER TOTAL RETURN WAS -0.9%."

MARKET BACKDROP

2022 was a year of significant volatility in financial markets. As inflation rose to a 40-year high, global central banks shifted decisively towards a hawkish stance, marking the end of a period of ultra-low interest rates and easy money that had served as a tailwind for both equity and fixed income markets for over a decade.

Tight global labour markets, resulting in strong wage growth, and the accumulation of consumer savings during the pandemic, along with disruption in local and global supply chains, all played a role in the onset of high inflation. The war in Ukraine, which has exerted a terrible humanitarian cost, also led to sharp rises in energy and food prices, exacerbating inflationary pressures and creating a challenging backdrop for consumers, most notably in Europe and the UK. Central banks were unable to deal with the causes of the supply shock and were left grappling with a backdrop of high and rising inflation amidst concerns that rising inflationary expectations were becoming embedded.

At the start of the year the widespread expectation was that heightened inflationary pressures would prove to be transitory and that central banks would raise interest rates only modestly. Investors had initially expected the US Federal Reserve to raise interest rates by 0.75% for the full year but, as inflation surged, it became clear that this would not be sufficient. Interest rates in the US finished the year 4.25% higher in the most aggressive post-war US interest rate hiking cycle on record. The European Central Bank also increased rates, with the main refinancing rate rising above zero for the first time since 2016. In response to rapidly tightening monetary policy, the bellwether US S&P 500 equity index declined by over 18% in the year; the worst year of annual returns since the Global Financial Crisis of 2008. Aggressive interest rate increases and rising inflation led to higher government bond yields, with investor losses comparable to those suffered in equity markets, and the worst bear market in developed government bonds on record.

After posting strong gains in 2021, growth stocks suffered, with technology share prices some of the hardest hit, and the US Nasdaq index declining by just under 25% in sterling terms. Conversely, energy stocks saw strong performance on the back of higher oil and gas prices.

FCIT share price 2022 (pence per share)

Source: Columbia Threadneedle Investments & Refinitiv Eikon

UK equities outperformed the US and Europe, rallying from what were very depressed valuations, following a long period of underperformance.

As the year progressed, while economic data in the US remained surprisingly robust, cracks began to appear in the US housing market, with a sharp slowdown in activity. In Europe, the suspension of the Nord Stream gas pipeline generated serious concerns that the severity of the energy supply shock would push the region into recession. Ongoing increases in interest rates and rising concern over widespread recession, along with geopolitical uncertainty, led to a flight to safe haven assets that was supportive for the US Dollar throughout the year, which had risen by almost 20% in trade weighted terms at its peak.

Huge rises in the cost of European energy led to governments subsidising both consumers and businesses in an attempt to mitigate some of the impact. In response to the cost-of-living crisis in the UK, the short-lived Truss government announced unprecedented government borrowing to finance the largest unfunded programme of tax cuts in decades. As a result, expectations for UK interest rate increases increased rapidly. Amidst the market turmoil afflicting UK assets, sterling fell to all-time intra-day lows against the US Dollar as domestic financial stability and ability to service government debt were called into question. UK government bonds lost over 20% in 2022, with 10-year yields peaking at 4.5% shortly after the 'Mini-Budget' – culminating in intervention by the Bank of England. Fortunately, this particular crisis in the UK was over relatively quickly, with Rishi Sunak taking over as Prime Minister and the Government's 'U-turn', helping to improve credibility. The decline in sterling, which fell by 10.7% against the US dollar, helped to cushion returns for UK investors in overseas assets in 2022.

As the year drew to a close, central banks were still striking a hawkish tone and signalling more interest rate increases to follow in 2023, however, there were tentative signs that rates of inflation have peaked. The US Federal Reserve signalled a step-down to smaller interest rate increases and focus shifted to the persistence of inflation and the outlook for growth, which would inform how quickly central banks could begin to cut interest rates. The hope that they may be cut in 2023 and the end of the zero-Covid policy in China helped to buoy broader market sentiment as the year drew to a close.

INVESTMENT PERFORMANCE

As explained on page 30, our investment strategy remains one of managing the Company's assets across a range of diversified investment portfolios, each adopting their own individual investment approach. Each individual portfolio invests on a global or a regional basis using a wide range of skills and resources available from the Manager or, in the

Contributors to total returns in 2022 (%)	
Portfolio return[1]	(7.9)
Management fees	(0.4)
Interest and other expenses	(0.4)
Buy backs	0.2
Change of value of debt	4.2
Gearing/other	(1.0)
NAV total return	**(5.3)**
Change in share price discount	4.4
Share price total return	**(0.9)**
FTSE All-World total return	(7.7)

Source: Columbia Threadneedle Investments

(1) See Glossary of terms on page 118 for explanation of "Portfolio return".

Underlying Classification of Listed Equity Investment Portfolio as at 31 December 2022	
Technology	19.4
Financials	16.4
Healthcare	14.9
Consumer Discretionary	14.6
Industrials	13.6
Consumer Staples	5.0
Energy	4.3
Basic Materials	4.2
Telecommunications	4.0
Real Estate	2.1
Utilities	1.5
	100.0

Source: Columbia Threadneedle Investments

Weighting, stock selection and performance over one year in each investment portfolio strategy and underlying geographic exposure versus Index at 31 December 2022

Investment Portfolio Strategy	Our portfolio strategy weighting %	Underlying geographic exposure(1) %	Benchmark weighting %	Our strategy performance in sterling %	Net index performance in sterling %
North America	39.6	58.4	61.5	(9.2)	(9.2)
Europe inc UK(4)	11.4	23.3	16.6	(7.2)	(5.1)
Japan	4.6	7.2	6.4	(13.5)	(5.2)
Emerging Markets	6.9	8.3	10.6	(13.8)	(10.0)
Developed Pacific		2.8	4.9		(1.6)
Global Strategies(2)	25.2			(7.3)	(7.7)
Private Equity(3)	12.3			3.6	

(1) Represents the geographic exposure of the portfolio, including underlying exposures in private equity and fund holdings.
(2) The Global Strategies allocation consists of Global Income, Global Value and Global Sustainable Opportunities.
(3) Includes the holdings in Schiehallion and Syncona.
(4) Includes the holdings in Gilts.
Source: Columbia Threadneedle Investments

case of the majority of our US exposure, from external third-party managers. We invest in both public and private equity opportunities across the world and adopt this diversified approach to smooth returns for investors with the objective of delivering growth in both capital and income over the long-term.

Despite extremely challenging market conditions, the Company produced a NAV total return of -5.3% on the year against the benchmark return of -7.7% while our shareholder total return was -0.9%. Our portfolio of investments delivered a return of -7.9%.

Year-end allocations and underlying geographic exposures are shown in the table above.

LISTED EQUITIES

It was a poor year for listed equities with our regional strategies posting declines of up to 13.5% (Japan), while even our best performing area, Europe, posted a loss of 7.2%. Emerging markets (-13.8%) underperformed developed markets while the region with our largest amount of exposure, North America, declined by 9.2%.

2022 saw significant dispersion in returns between highly valued growth stocks and more lowly rated value holdings, with global value stocks outperforming growth counterparts by the widest margin since 2000, and the aftermath of the bursting of the "dotcom" bubble. Rising inflation and interest rates drove a derating in more expensive areas of the market, with companies trading on high valuations or with limited near-term prospects for profitability the hardest hit. In contrast, companies with exposure to commodity prices, such as energy, performed best over the year.

Our **North American** returns were in line with those of the benchmark. Our value portfolio, managed by Barrow, Hanley, posted the strongest returns from any of our listed strategies (+8.4%), exceeding comparator returns, and our core US exposure (-5.8%), managed by Columbia Threadneedle, declined by less than the index. While we have significantly reduced our exposure to the T Rowe Price strategy, and growth stocks more generally, in recent years, the extent of underperformance from this area offset the benefits of this allocation decision. T Rowe Price delivered returns of -29.6% which were the weakest of all of our listed strategies and underperformed comparator growth-based indices. Post the year end, we have divested entirely from T Rowe Price.

The **US value** portfolio benefited from holdings in several energy companies, including Hess and Phillips 66 which gained by 117% and 67% respectively, while Pioneer Natural Resources posted a return of 55%. Hess was among the Company's top performing holdings this year, with the company announcing nine new high quality oil discoveries on the Stabroek Block offshore Guyana, adding to the block's previously anticipated recoverable resource of approximately 11 billion barrels of oil. The company now expects annualised production growth of over 10% through to 2026 and this, in tandem with management's decision to increase the company's dividend by 50% in March 2022, acted to support returns. Phillips 66 and Pioneer Natural Resources both saw strong earnings growth in 2022, benefitting from higher energy prices and well diversified portfolios of assets.

Las Vegas Sands, a poor performer in the prior year, posted a strong recovery, gaining 42.9%. The resort operator saw a bounce back in demand as a relaxation of travel restrictions continued to support a recovery in tourism and it delivered particularly strong returns in the final quarter on news of China reopening – Macau being a major market for the company. Healthcare stocks Merck (+67.1%) and Elevance Health (+25.1%) also delivered strong returns, reflecting their depth of pipeline opportunities and investor rotation towards defensive segments of the market. Merck also continued to benefit from strong demand for vaccines, with sales of the company's Gardasil product projected to double between 2021 and 2030.

Our **US growth** manager produced poor returns. Large holdings in Alphabet and Amazon, accounting for around a fifth of this portfolio, both posted significant losses, demonstrating concentration risk. Fortunately, we had reduced exposure to these poorly performing stocks but significant declines in these, and other holdings, such as Microsoft (-19.5%) and Meta (-60.0%), were detrimental to our returns. Positive contributions came from a number of holdings in financials, such as Goldman Sachs, Mastercard and Visa, all of which posted good returns while healthcare holding Eli Lilly gained by over 50%.

Our **European** portfolio lagged its benchmark return, delivering a decline in value of 7.2% against the index loss of 5.1%. Despite this, a number of financial holdings, including Bank of Ireland, UBS Group and DNB Bank benefited from higher interest rates and strong corporate results while NovoNordisk (+37.2%) and AstraZeneca (+32.4%) also performed well, helped by strong sales growth in key drugs. Outside of these positive components, underperformance was driven by sectoral positioning, with an overweight stance on technology and underweight position in mining and oil and gas amongst negative contributors. Higher energy costs were a headwind for paper packaging manufacturer Smurfitt Kappa and for Wizz Air. Online food ordering holdings Delivery Hero and JustEat both had another poor year, each halving in value, suffering from the sell-off in growth stocks and from increased competition in their respective market segments.

Japan delivered material underperformance against the benchmark, posting losses of 13.5% versus the 5.2% decline of the benchmark. Most of the underperformance occurred early in the year as the market rotated aggressively towards value stocks and defensive holdings. This rotation hit a number of our higher quality holdings which were trading on premium ratings. While a number of more defensive areas, such as telecoms business KDDI (+19.8%) and pharmaceutical holding Takeda (+34.9%), delivered positive contributions to returns, stock selection within industrials and consumer discretionary areas drove underperformance in the strategy. In terms of stock contributions, haematology business Sysmex (-49.1%) was a headwind as the stock struggled due to demand and delivery disruptions in China, power tools manufacturer Makita (-37.0%) suffered from softening housing and weak DIY demand following lockdowns, as well as higher logistical and raw material costs while Electronics business Murata (-28.1%) declined on worries over smartphone demand and a build-up in inventory.

Our **emerging markets** portfolio also lagged benchmark returns, with a decline of 13.8% against a benchmark loss of 10.0%. The Chinese equity market was exceptionally volatile with the impact of its strict zero-Covid policy weighing on economic output and social cohesion before authorities abruptly relaxed restrictions in the latter part of the year.

There were a number of other significant events in China through the course of the year, which saw President Xi Jinping confirmed as the de facto ruler for life at the 20th National Congress of the Chinese Communist Party. There were also continued signs of stress in the property sector (which remains in a precarious, over-leveraged state) while there was also a significant escalation of tensions with Taiwan (where China again firmly reinforced its view that Taiwan was part of China and that, if necessary, force would be used). This fed into the risk aversion towards Taiwan equities (which had enjoyed a strong period in 2020 and 2021) with the market repricing against a more uncertain backdrop. This was not the only issue facing the market of course, where weaker demand for semi-conductors and a drop in consumer demand from China also contributed to the heightened risk aversion.

Positive contributions came from exposure to financials such as AIA Group (+25.9%), Bank Central Asia (+22.4%) and HDFC Bank (+4.1%) and an overweight position in both Indonesia and Mexico, where markets rose by 17%

and 10%, respectively. A lack of exposure to Brazil, which gained by an impressive 28% on the year, in sterling terms, was detrimental to returns. Elsewhere, security selections in Taiwan and Korea also cost relative performance where an exposure to Win Semi-conductor in Taiwan was down 61.2% on the back of disappointing results, significantly weaker demand from its key market China, the overarching negative sentiment towards Taiwan and changes in its senior leadership. Other notable under performers included search engine provider Naver in South Korea who suffered significantly after its surprise acquisition of a re-sale marketplace in the US named Poshmark.

Within our **Global Strategies**, we started the year with exposure to Global Income, Global Smaller Companies, Global Sustainable Opportunities and Global Value. The combined return from these components was -7.3%, just ahead of the index decline (-7.7%). We sold out of Global Smaller Companies in the early part of the year and enjoyed good returns from our Global Value strategy, which gained by 3.0%, while our Global Income component declined by a relatively modest 2.5% on the year. Contrasting strong outperformance from these areas was underperformance from our Global Sustainable Opportunities portfolio, which produced a return of -13.7%. Here, there were positive contributions from holdings such as health care company Humana and pharmaceutical company AstraZeneca, which posted gains of 24.4% and 32.4% respectively, and from a lack of exposure to the big disruptive technology stocks, and Tesla, all of which performed poorly. Nonetheless, these positive contributions were offset by large losses on a number of holdings, including Paypal (-58.6%) and SVB Financial Group (-62.0%).

We still hold very limited exposure to two Russian securities. The local market exchange has reopened and, once liquidity permits, we will divest all direct exposure to Russian equities.

PRIVATE EQUITY

2022 was another good year for our holdings in private equity where positive returns of 3.6% were generated, exceeding those of our listed investments. After a strong 2021, Private Equity returned to a more normalised period of deal activity, with volume and deal value only marginally down on 2019 levels. Recent commitments, managed by Columbia Threadneedle Investments, delivered gains of 11.5% on the year. Exposure here has been committed to a range of opportunities with a focus on mid-market businesses which have strong business models with high levels of cashflow and attractive valuations.

One of the larger realisations of the year was £8.4m from Pan-European growth equity investor Volpi Fund I relating to the exit of Version 1, the provider of IT and managed services in Europe to the public and private sector, returning

Investment portfolio strategies attribution in sterling to 31 December 2022

	1 year %		3 years %		5 years %	
Region	**Return**	**Index return**	**Return**	**Index return**	**Return**	**Index return**
North America	(9.2)	(9.2)	30.2	34.1	67.2	69.9
Europe inc UK(1)	(7.2)	(5.1)	14.9	14.2	21.0	22.7
Japan	(13.5)	(5.2)	7.3	7.2	7.5	13.3
Emerging Markets	(13.8)	(10.0)	(3.2)	1.5	0.2	4.8
Global Strategies(2)	(7.3)	(7.7)	19.2	23.9	37.8	45.6
Private Equity	3.6		53.1		83.4	

The Company's benchmark is the FTSE All-World Index whereas for the purposes of this table the relevant regional sub-indices are used for comparison, except in the case of emerging markets where the MSCI Emerging Markets Index is used.
(1) Performance prior to 30 June 2018 represents Europe ex UK.
(2) The Global Strategies allocation consisted of Global Income, Global Value and Global Sustainable Opportunities as at 31 December but performance also includes the historic allocation to Global Multi-Manager and Global Smaller Companies.
Source: Columbia Threadneedle Investments

5.9x cost and 39% internal rate of return. This is an excellent exit which returns more than our full commitment to the fund in a single transaction. £4.3m was distributed from pan-European and North American fund MED Platform I relating to the exit of BOMI, the Italian provider of cold chain pharmaceutical logistics, returning 3.8x cost and delivering a 54% internal rate of return.

In recent years we have invested in a bespoke Pantheon Future Growth programme which invests in leading growth and venture private equity managers on a global basis. Our programme became fully committed ($180m) early in the year and we agreed a further commitment programme of $180m with Pantheon, again into market leading growth and venture managers. It will be several years before our commitments in these two programmes are fully drawn and a decade or more before investment outcomes can be properly assessed. Nonetheless, these recent commitments bear limited sensitivity to recent corrections in market valuations which have also been felt in private markets and one has to take a long-term perspective on this exposure.

Syncona (-14.6%), a backer of healthcare companies, and our holding in Schiehallion C shares both had a poor year. Schiehallion is managed by Baillie Gifford and invests in late stage disruptive technology businesses. While the manager has historically delivered good returns, this segment of the market was amongst the worst performing areas in 2022.

The shares moved from a large premium to a discount, with the shares falling by 56.1% on the year.

Older fund investments which we hold with Harbourvest and Pantheon declined modestly in value (-3.6%). We continue to work with the managers to realise value from these holdings as they head towards their end of life. They represented 1.2% of total portfolio value as at end of 2022.

PORTFOLIO ACTIVITY

As highlighted earlier, we made further steps to reduce our exposure to highly rated large cap growth stocks with a divestment of around £100m from our US manager, T Rowe Price, early in the year. This followed substantial sales from this strategy over the course of 2021 and the closure of an internally managed US growth strategy in the second half of 2020. The rotation from growth into cheaper, more value-oriented areas of the portfolio was driven by a desire to create more balanced exposure in the portfolio and by concerns over extended valuations in expensive growth segments of the market. A less supportive economic environment for growth investors also led to us increasing exposure to higher yielding segments of the market. We have, following the year end, completely divested from T Rowe Price, allocating capital from that strategy to a new manager, JPMorgan Asset Management, who will manage our exposure to US large capitalisation growth stocks.

Private Equity portfolio

		Commitment outstanding 31 December 2022 £'000s	Value of holding 31 December 2022 £'000s
Total Private Equity portfolio(1)	Brought forward	187,083	518,867
Committed in 2022(2)		334,608	–
Cash drawn in 2022(2)		(57,617)	57,617
Cash returned in 2022(2)		–	(56,438)
Valuation movements(3)		–	30,034
Exchange movements(3)		19,279	24,780
Total Private Equity portfolio(3)	Carried forward	483,353	574,860(4)

(1) Exchange rates ruling at 31 December 2021
(2) At actual exchange rates in 2022
(3) Exchange rates ruling at 31 December 2022
(4) Total does not include investments in Syncona and Schiehallion, which are classified as Level 1 investments.
Source: Columbia Threadneedle Investments

For many years, the Company has held exposure to smaller companies through distinct mandates, first to gain exposure to US smaller companies and, in more recent years, to invest into smaller companies globally. Having reduced exposure in the latter stages of 2021, we made the decision to divest from this area of the market entirely in the early part of the year. This decision was driven by considerations over portfolio focus and concerns that the fundamental backdrop would prove less supportive for smaller companies for some time to come.

As well as these changes in the portfolio, we were net sellers of European equities over the year. We entered 2022 with optimism that the value led rotation may lead investors away from US equities into cheaper regions, such as Europe and the UK. Indeed, early in the year we increased allocations to both UK and European equities. We quickly reversed our decision to increase our European equities exposure on concerns over the impact of the conflict in Ukraine. We retained, and increased, our exposure to UK equities through an exchange traded fund, on the basis that UK equity valuations would provide support and a positive view on the UK market composition in the face of rising commodity prices and interest rates.

Our Private Equity allocation ended the year at 12.3% of our portfolio. As noted above, performance was positive in this area and we made another $180m commitment to Pantheon's bespoke Future Growth Programme. We also made a small number of selective co-investments during the year including a €14.5m allocation to an electric bike assembler based in Bulgaria and an investment into a Canadian dental services organisation.

We raised cash levels significantly during the first half and ended the year with cash holdings totalling £244m. In March we received £140m of proceeds from our issue of fixed rate senior unsecured notes and made net sales from equities, choosing to leave proceeds in cash rather than invest into equity markets. This decision was based on concerns over the short-term outlook for the asset class in the face of rising interest rates, extended market valuations and increasing signs that the US and global economies were likely to enter recession, with negative implications for corporate earnings. Unusually for the Company, we found ourselves with substantial cash holdings, increasingly attractive rates of interest and a near term desire to preserve capital rather than make investments into equity markets. Consequently, we have made some investments into short-dated gilts totalling £60m to provide a yield pick up to that which is available from deposit rates.

Finally, as we explained in the 2020 and 2021 Annual Reports we have, in recent years, held a strategic and partial sterling hedge on our overseas currency exposure. We held £300m in sterling against the US dollar at the beginning of 2021 which was reduced to £200m by the end of that year. Ahead of the pronounced decline in sterling, we closed out much of our long position, ending 2022 with £20m. This position produced a loss of £16m on the year, though our action to effectively increase exposure to the dollar prevented larger losses which would have resulted from this position.

REVENUE RETURNS

We enjoyed another year of strong growth in our revenue in 2022 as company dividend payments continued their post-pandemic recovery. Our gross income increased by 24% and our net income per share by 26.7% from 10.99 pence per share to 13.92 pence per share. Special dividends rose slightly from £1.4m in 2021 to £1.6m in 2022. The impact of sterling added £4.9m to our revenue over the year, compared with a negative impact of £4.0m in 2021.

The strength of recovery in our revenue over the past two years has been such that net revenue per share ended the year at a high, exceeding that delivered before the onset of the global pandemic, in 2019. It is pleasing to report this robust recovery and our planned dividend payment is now below that of our annual revenue, meaning that we will modestly increase the level of our revenue reserves. Our revenue reserve ended the year at £97.5m. If approved at this year's Annual General Meeting, we will deliver our fifty second consecutive annual dividend increase for shareholders in May of this year.

GEARING

Our gearing stood at 7.3% at the end of the year, below our starting year level of 9.4%. Gearing detracted 1.0% from our NAV total return on the year, whilst the effect of sharply rising government bond yields reduced the fair value of our debt and added 4.2% to our NAV returns.

We entered an agreement to issue £140m of fixed rate senior unsecured notes in December 2021, at an average rate of less than 2% and with maturities extending out to 40 years, and this money was drawn in March, as noted above. Given our high net cash weighting and changes in the overall cost of borrowings we decided not to renew our revolving credit facility when it matured during the year.

At year end, our total borrowings were £581.8m in aggregate. Our blended average interest rate on our outstanding loans was less than 2.4%, which remains exceptionally low by historic standards. Over the long run, we expect the returns from the investments made from these borrowings to exceed the cost of our debt and therefore be accretive to NAV returns.

CURRENT MARKET PERSPECTIVE

Throughout 2022, rising inflation and interest rates, in conjunction with geopolitical concerns concentrated around the war in Ukraine and the zero-Covid policy in China, weighed on global equities with valuations falling sharply over the course of the year. As central banks have moved swiftly to combat the inflation threat, bond yields have risen sharply, offering a much more attractive return prospect than they have done for many years. In the coming year, restrictive monetary and fiscal policy, in combination with global economic slowdown will likely continue to pressure parts of the equity market that have enjoyed outsized performance and rich valuations in recent years.

The exiting of a low interest rate world has fundamentally changed the investment environment, with equities having benefited greatly from the easy liquidity that has been a feature over the past decade. Furthermore, structurally higher interest rates will have a profound effect on the cost of servicing increased levels of global debt after the pandemic. While households, companies and governments have been able to lock in low interest rates, looking forward, business models which have been reliant on cheap debt to finance growth will struggle. This should have the effect of refocusing investors' attention on businesses with strong corporate fundamentals and robust earnings prospects. As rates surged in 2022, investors shunned the most expensive segments of the market, marking the end of a period of exceptional returns for US equities driven by the clear valuation discount of international equities. This, in conjunction with gains in energy prices and the US dollar, proved particularly supportive of the UK equity market in 2022, with investors taking advantage of its prolonged poor run and significant valuation discount to the US.

There is hope that inflation levels will now moderate from current, lofty rates but it is unlikely that interest rates will fall to the low levels seen in recent years. Investors must adapt to a new investment landscape. A backdrop where the cost of debt is higher, margins are under pressure, where there is greater sensitivity to valuations and where a narrow, growth-oriented, segment of the market no longer persistently leads. Coming years may also see greater opportunity for performance from markets outside of the US and improved prospects from emerging markets, partly driven by valuation differentials. Regardless, our flexible and diversified approach makes us well placed to navigate a changed investment backdrop and we remain confident in the long-term prospects for your Company.

Paul Niven
Fund Manager
8 March 2023

OUR APPROACH TO RESPONSIBLE INVESTMENT

AS STEWARDS OF £5.0 BILLION OF ASSETS, WE TAKE A RESPONSIBLE APPROACH TO INVESTING AND HAVE A DUTY THROUGH OUR MANAGER TO INFLUENCE AND SUPPORT POSITIVE CHANGE.

OUR APPROACH

We believe in the power of engaged, long-term ownership as a force for positive change. As a responsible investor, we need to ensure we, and the companies we invest in, have credible plans to transition to a low carbon, climate resilient economy and are working to implement those plans. The companies we invest in also need to have good governance and be responsible about their management of workforce and social issues in order to be sustainable over the long-term. We have a Manager that applies high standards of Responsible Investment in managing the investments on behalf of our shareholders.

Our approach covers our own governance responsibilities on matters such as the composition of the Board, but most importantly, our portfolio of investments represents the greatest impact we can have. As Responsible Investment and sustainability are integral to the longer-term delivery of growth in capital and income, we believe that our disclosures should go beyond minimum standards. In setting and reporting on our Responsible Investment policies, we have considered relevant regulatory guidance including the Companies Act 2006 (the **'Act'**) and the UK and AIC Corporate Governance Codes. We are also aware of important emerging standards and legislation, including on climate reporting with the introduction of mandatory reporting in line with the Task Force on Climate-related Financial Disclosures (**'TCFD'**); and work underway on International Sustainability Standards Setting.

The primary purpose of this report is to provide shareholders with a clear understanding of our approach to Responsible Investment and how that is integrated into the Manager's investment process. It also outlines how we are implementing our commitment to achieving a net zero carbon portfolio by 2050, at the latest. We also explain our stewardship in terms of engagement with portfolio companies and our voting practice; how we will measure our progress; and how we have performed against those measures. We recognise the importance of disclosing information that is relevant, reliable and, as far as possible, ensuring that it is presented in a consistent way from year to year in order that our progress can be assessed.

The Financial Conduct Authority (**'FCA'**) has now published regulations that require the Company's Manager, as its Alternative Investment Fund Manager (**'AIFM'**), to report against TCFD at both the AIFM and product level by June 2024. This means that there will be a TCFD disclosure specific to the Company's portfolio available in the future, which will be published on the Manager's website. The Manager has produced a report on its overall climate change approach, which is structured using the TCFD categories and is available on its website.

The impact of climate change on the value of the Company's investments has been considered and more information is given in the following pages, and in note 2(c)(xiii) to the Accounts.

STEWARDSHIP

We and our Manager believe that companies with strong management focus on environmental, social and governance issues have the potential to reduce risks facing their business and deliver sustainable performance over the longer-term. Investee company boards are expected to disclose to their shareholders that they are applying appropriate oversight on material issues such as labour standards, environmental management and tax policies.

If we have concerns, we also believe that engaging with companies is usually best in the first instance rather than simply divesting or excluding investment opportunities. However, the Board believes that there are some business activities which are incompatible with a responsible approach to investment and where divestment is the only option: namely, tobacco product producers, cluster bombs and landmines and thermal coal. We exclude companies with exposure to these activities exceeding certain revenue thresholds.

Active use of our voting rights is also an important component of our stewardship approach. In the absence of explicit instructions from the Board, our Manager has been empowered to exercise discretion in the use of the Company's voting rights, in accordance with its own corporate governance policies. These policies take a robust line on key governance issues such as executive pay and integrate sustainability issues into the voting process, particularly climate change and board level gender diversity.

Columbia Threadneedle Investments is a signatory to the UK Stewardship Code. Its statement of compliance can be found on the Managers' website at columbiathreadneedle.com.

CLIMATE CHANGE

Climate change and the energy transition present a major global macroeconomic shift which presents both risks and opportunities to our investments. We aim to support the global effort to tackle climate change and support the low-carbon transition, whilst continuing to maximise returns to our shareholders, taking the risks and opportunities presented by the changing environment.

The Board has committed to a target of net zero emissions by 2050, at the latest for the Company's portfolio. Our Manager has selected the Net Zero Investment Framework[(1)](**'NZIF'**) to implement this commitment, reflecting our belief in the power of investor engagement, and our aim to achieve emissions reductions through encouraging our investee companies to take on and implement ambitious targets and credible transition plans to deliver it. However, engagement will not be open-ended and we will ultimately divest from companies that are unresponsive and/or fail to meet our expectations.

PRIVATE EQUITY

Many aspects of our Responsible Investment activities and reporting focus on our listed equity investments. However, sustainability issues are equally significant in private markets. Whilst obtaining consistent data and metrics is a challenge, we believe that there are approaches that can be effective in identifying Responsible Investment risks and opportunities and include in this report an example of how our managers are implementing this.

CLIMATE CHANGE AND OUR NET ZERO COMMITMENT

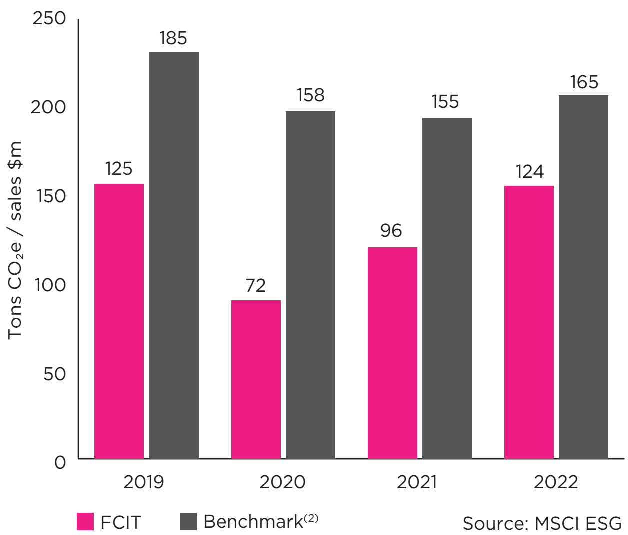
For the past four years, we have disclosed the weighted-average carbon intensity of the Company's listed investments, in line with the TCFD.

PERFORMANCE IN 2022

While the carbon intensity of our portfolio has increased over the past year it remains lower than that of our benchmark. Nonetheless, while making a commitment to a net zero target we aim to strike a balance between reduction in the carbon intensity of our portfolio over the medium to longer-term with our overriding objective to deliver growth in income and capital for shareholders. Recent years have seen a marked outperformance from carbon-intensive industries and we have, for the benefit of shareholders, increased portfolio exposure to these areas in our pursuit of shareholder returns.

The weighted-average carbon intensity of the Company's equities portfolio rose in 2022. Energy market conditions played a major part in the 2022 increase, as we sought to adjust positions in the sector to capitalise from energy price rises. MIndful of our net zero goal, we also worked to engage with the companies in the energy and energy-intensive industries, to look beyond the immediate market conditions and prepare for the longer-term transition toward a low-carbon global environment.

Weighted-average carbon intensity



(1) See www.parisalignedinvestment.org for further details.
(2) See Glossary of terms on page 118 for explanation of "benchmark".

One position that increased in 2022 was in oil & gas services and logistics company Phillips 66, reflecting the strong year the sector has experienced. Our Manager has been engaging with this company and was pleased to see it set net emissions targets; however, these still fall well short of a trajectory consistent with a future 1.5 degree temperature rise globally (see case study on page 23). A new investment in the portfolio in 2022 was Pinnacle West Capital Corporation which operates power plants in Arizona, US. It still has gas and coal-fired power generation alongside its nuclear and renewables fleet, but has set a 2031 deadline for phasing out the use of coal and a target for net zero emissions by 2050.

We are pleased, however, that the portfolio carbon intensity remains well below the benchmark, which also rose in 2022. As companies in our portfolio take steps to implement their emissions reductions goals, we expect to see the weighted-average carbon intensity fall again, in line with our net zero commitment.

OUR NET ZERO APPROACH

Our Manager is using the NZIF as a basis for its approach and has published details of how it is implementing this methodology, for equities and corporate credit[1].

The primary focus of the approach is to assess the current net zero alignment of each of the companies in the Company's portfolio and to engage with those companies which fall short. The methodology has three key components:

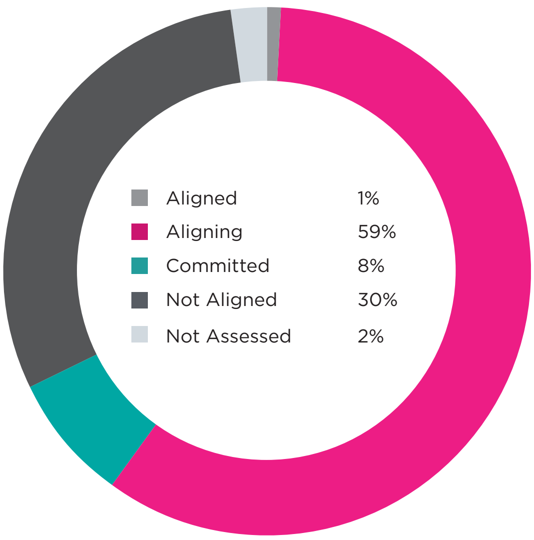
- Using a range of data sources, our Manager assesses companies' performance on a range of criteria relating to their emissions management and strategy, and uses this to assign an **alignment rating**. These ratings range from 'Aligned' for the strongest performers, to 'Aligning' for those meeting core expectations, 'Committed' for those with net zero targets but lacking implementation and 'Not Aligned' for those lacking adequate policies. We seek to increase the proportion of 'Aligned' companies and to ensure that at least 70% of portfolio emissions are from companies that are either Aligned or are under active engagement when classified as either aligning, committed to aligning or not aligned.

- We calculate **portfolio-level emissions intensity**[2] and seek to reduce this in line with a net zero trajectory.

- We monitor our investment in firms providing **low-carbon solutions**.

The charts here show the Company's current performance on these metrics, as well as the targets that we have set. The data shows an improvement over the end-2021 figures, with 59% (was 49%) in the 'Aligning' category, and 30% (was 42%) in the 'Not Aligned' category.

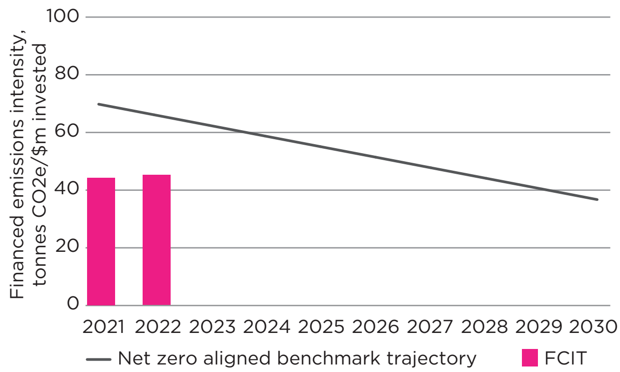
Company-level alignment status, as a % of total portfolio financed emissions



The Manager has a target for 70% of financed emissions to be represented by companies that are either ranked as Aligned or are under active engagement. For 2022, this figure was 68%, almost reaching this target.

(1) See www.columbiathreadneedle.com and search 'net zero'.
(2) The main metric we consider is financed emissions intensity, in line with The Partnership for Carbon Accounting Financials (PCAF).

Financed emissions intensity



Source: Columbia Threadneedle Investments & Refinitiv Eikon

The grey line in the chart above represents a net zero-aligned benchmark trajectory. It is based on taking the financed emissions intensity of the FTSE All-World Index, which is the market benchmark for the Company, as at the end of 2019 and reducing this by 50% by 2030. The bars represent financed emissions intensity for the Company, showing data for end-2021 and end-2022. This has slightly increased, from 43.7 to 44.5 tCO2e/$m invested, for the reasons already outlined.

Our aim is, at a minimum, to keep this within the net zero trajectory for the benchmark – however, given that the Company's starting point was already below the benchmark, we will strive to significantly outperform this target. Having said that, we may choose to retain our investments in certain higher-emissions companies and sectors if we feel those companies are strongly aligned to net zero or that our engagement is making good progress. Where companies are not yet net zero aligned, we will make active use of our stewardship influence to move them in this direction. This will include continued active engagement through our Manager, as well as the use of our annual general meeting voting power. We will focus initially on companies which are not yet aligned and are high contributors to portfolio emissions.

Engagement will have clear objectives and be time-limited. If companies fail to respond and continue to fall short of our minimum expectations, we will divest our holding.

This approach applies to our listed equity holdings. Different considerations apply to private equity, where data is not available in the same way and net zero methodologies are more nascent.

CLIMATE CHANGE AND PRIVATE EQUITY

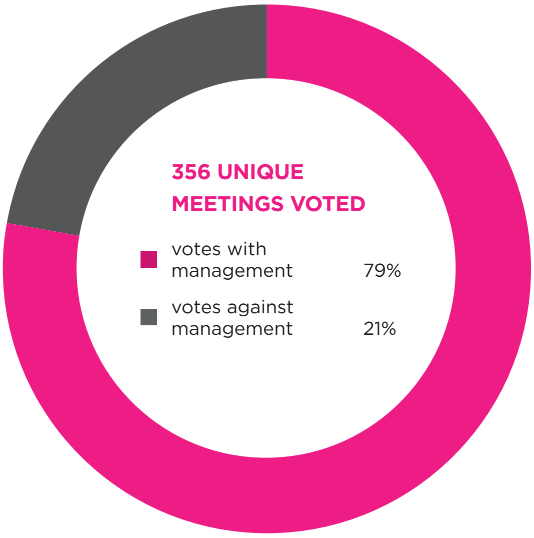
In 2022 we were pleased to see further progress in the analysis and reporting of climate risk and opportunity by our three private equity managers.

Both HarbourVest Partners and Pantheon Ventures have signed up to be supporters of the TCFD. HarbourVest has worked with a carbon accounting platform to develop a proxy emissions dataset available to its clients, and is working with its General Partners to encourage them to provide accurately reported data. Pantheon is working to increase the climate data available to its clients, which will include the analysis of both transition and physical risks and opportunities.

Columbia Threadneedle Investments includes questions on net zero alignment in its annual ESG survey of our private equity fund managers and co-investments. In the 2022 survey, 19% of managers reported that they track and monitor greenhouse gas emissions and 14% have net zero targets, of which 50% use carbon offsetting to help achieve these.[1] Columbia Threadneedle Investments will seek to leverage its position to influence private equity managers and drive the development of reporting on financed emissions and encourage net zero targets.

(1) CT Private Equity Trust - ESG Report.pdf (columbiathreadneedle.com)

VOTING



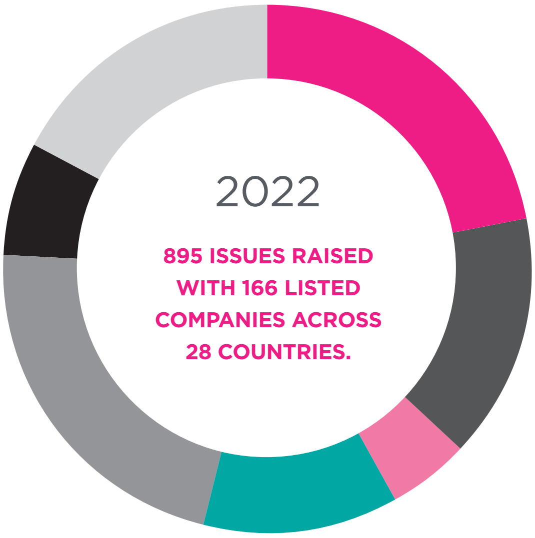
Exercising the right to vote is a key part of our stewardship responsibilities and an opportunity to influence change. The Manager applies its voting policy to all listed portfolio holdings. During 2022, the Manager voted against at least one management proposal at 21% of shareholder meetings. This compared to 19% in 2021 and 21% in 2020. One of the most contentious voting issues continued to be remuneration. The Manager did not support 43% (2021:42%) of all management resolutions relating to pay, often due to either concerns around the structure of the proposed remuneration or a misalignment between pay and performance. In the case of concerns relating to decision-making on company boards, the lack of genuinely independent directors or directors overcommitted through other directorships, the Manager cast votes against 17% (2021:17%) of those standing for re-election. In certain cases, votes were also cast against management for climate or labour concerns.

The Manager's approach to voting is reviewed and developed each year. For 2023, it will implement more stringent diversity guidelines and have a continued focus on climate change. These are topics that the Manager has engaged with companies on for many years and, in some cases, already voted against management resolutions or supported shareholder resolutions. Ensuring expectations on these issues remains up-to-date and relevant is a significant priority.

ENGAGEMENT

During 2022, the Manager engaged with 166 listed companies in our portfolio to encourage stronger policies and disclosure on a range of Responsible Investment issues. Climate change continued to be a high priority, accounting for 22% of total engagement undertaken. Through both one-to-one dialogue and collaborative work – particularly with the **Climate Action 100+**[1] initiative – the Manager called on companies to align their businesses with a global goal of net zero emissions by 2050 and to put in place robust implementation strategies to achieve this, including shorter-term targets, capital expenditure plans and aligning executive pay to climate goals. Labour standards was also an area of particular focus and accounted for 22% of total engagement undertaken. Indeed, the Manager saw growing focus on social issues such as human rights through the year and expects this to continue in 2023. The Manager also stepped up engagement on environmental stewardship in 2022, recognising the fundamental interlinkages between climate change and wider environmental challenges such as deforestation. The Manager was one of the founders of the new Nature Action 100 initiative, which seeks to engage with companies which are globally significant in their direct or supply-chain biodiversity impacts, with a view to driving enhanced strategies to identify, manage and disclose risks and develop mitigation strategies.

(1) See Glossary of terms on page 118 for explanation of Climate Action 100+.



Climate Change	22%
Environmental Stewardship	15%
Business Conduct	5%
Human Rights	12%
Labour Standards	22%
Public Health	7%
Corporate Governance	17%

Climate Change	22%
Environmental Stewardship	11%
Business Conduct	4%
Human Rights	6%
Labour Standards	23%
Public Health	12%
Corporate Governance	22%

ENGAGEMENT CASE STUDIES

provided by our Manager

BROADCOM
(0.96% OF THE COMPANY'S PORTFOLIO)
TARGET: SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION;
SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
ISSUE: HUMAN RIGHTS, LABOUR STANDARDS

We had several engagement interactions with Broadcom in 2022, covering topics including human rights due diligence, labour standards and diversity & inclusion.

As part of the Corporate Human Rights Benchmark engagement, we spoke with the supplier of semiconductor and infrastructure software on their performance on human rights. The company is lagging on the benchmark, but has made progress on its human rights efforts, such as conducting due diligence assessment and working on a tailored supplier engagement programme. However, Broadcom relies on supplier self-assessment surveys and audits to identify poor practices. We recommended the company conduct a comprehensive human rights due diligence assessment and disclose salient risks, enabling it to proactively address any potential risks. We also encouraged extending the assessment beyond their tier 1 suppliers and using audits as a supplementary tool after a human rights assessment has been conducted.

On diversity & inclusion and human capital management, we were pleased that Broadcom enhanced the disclosure of the frequency and metrics from its Employee Ethical Culture Survey. We had previously encouraged the company to share this information to enable stakeholders to track progress regarding employee satisfaction.

We continued our engagement by recommending diversity and inclusion target setting, conducting racial equity audits and increasing disclosure of lagging areas and action plans linked to the employee engagement surveys.

KEYENCE CORP
(0.54% OF THE COMPANY'S PORTFOLIO)
TARGET: SDG 5 - GENDER EQUALITY
ISSUE: BOARD DIVERSITY AND BOARD EFFECTIVENESS

Keyence, maker of industrial automation systems, is one of the larger listed companies in Japan. The company has been a posterchild for the challenges faced by Japanese corporations. An insulated board with minimal independent representation has led us historically to oppose several resolutions at each shareholder meeting. We have actively engaged with the company since 2013 on issues around board composition and have seen some progress. In 2020, the company appointed two outside directors to the board, increasing the proportion of independent representation from 0% to 22%. In 2022, the board appointed an additional outside independent director. This appointment now means the board comprises one-third outside directors, meeting the minimum level of outside oversight we expect from Japanese companies.

Early in 2022, Keyence also appointed a new female, independent, non-executive director, the first female appointment to the board. This improvement of the board's gender diversity can help enhance the overall effectiveness of the board. We had encouraged this action through engagement and voting.

PHILLIPS 66
(0.84% OF THE COMPANY'S PORTFOLIO)
TARGET: SDG 7 - AFFORDABLE AND CLEAN ENERGY; SDG 13 - CLIMATE ACTION
ISSUE: ENERGY TRANSITION

As a major refiner of oil products, Phillips 66 is significantly exposed to climate and energy transition risks as the world moves towards lower carbon fuels. In late 2021 Phillips 66 became the first U.S. refiner and second U.S. oil company to set Scope 3 emissions targets, pledging a 15% reduction in emissions intensity by 2030. It also announced a goal of reducing Scope 1 and 2 operational emissions intensity by 30%, shortly followed by a 2050 target for a 50% operational emissions intensity reduction.

Whilst these actions signify progress in a region where Scope 3 emissions targets in particular are hard to come by, the company's strategy remains far from aligned with a pathway to limit the increase in temperatures to 1.5 degrees celsius. Both sets of targets are on an intensity basis so do not guarantee absolute emissions reductions. We have engaged the company on the underlying assumptions and drivers behind their strategy, highlighting that we feel their assumptions for renewable energy availability and cost advantages are unrealistic to the downside and that there are greater opportunities for decarbonising their operations.

On the positive side the company has made numerous investments across the energy transition value chain over the past 18 months, including in hydrogen and EVs, which will help with their scope 3 decarbonisation plans.

The company has been open to engagement and we have had good access to their experts and senior management, who have all given the impression of a company cautiously feeling its way through the energy transition. A positive sign of their intent is the aim to link quantitative emissions reductions to remuneration, to replace current qualitative measures. Overall we believe that Phillips 66 needs to significantly increase their level of ambition.

SUPPORTING SUSTAINABLE DEVELOPMENT

The Board views Responsible Investment issues not just as a source of risk, but also of opportunity. Considering the alignment of our investments to global sustainability trends can help us benefit from growth in solution provider companies, as well as to understand the positive social and environmental impact we can make through investing.

The framework we use to understand our impact – both positive and negative – is that of the UN Sustainable Development Goals (SDGs). These 17 goals, adopted by all United Nations Member States in 2015, provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

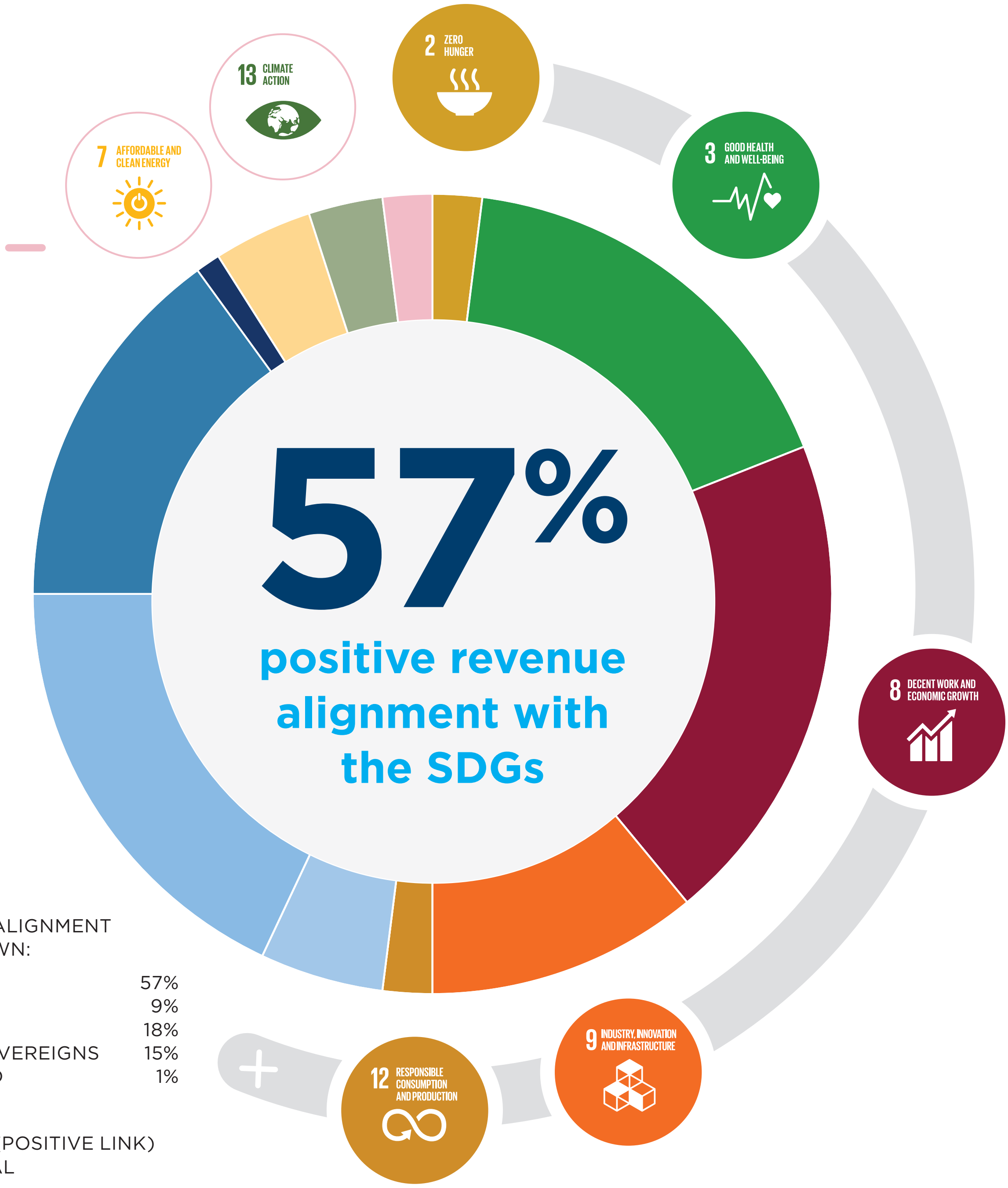
The accompanying SDG alignment chart shows how the listed companies that we hold support the achievement of the SDGs through their products and services. We map the investment portfolio against the SDGs, based on an analysis of the main sources of revenue for each of the investee companies. Specifically, we measure how the individual sources of revenue for each company correspond to the 169 targets that underlie the goals - so that one company, depending on its mix of goods and services, may have links to more than one goal.

The overall pattern is similar to what was reported in last year's annual report – with 57% of investee company revenues having a positive link to the SDGs, up from 55%. The goal most represented was again SDG 8 – Decent Work and Economic Growth. This reflects holdings in technology companies such as Apple, Microsoft and Taiwan Semiconductor Manufacturing Co, which support Target 8.2 in calling for boosting economic productivity through technological upgrading and innovation; and in financial companies including American Express and Indian bank HDFC, which we map to Target 8.10, focusing on access to financial services.

Alignment to SDG 9 – Industry, Innovation and Infrastructure – remained at 11%. A diverse range of holdings align with this goal, including gas and chemicals companies providing essential solutions to the energy transition, such as Linde and Air Liquide, and telecommunications companies that support stronger communications infrastructure through the provision of wireless services, such as T-Mobile US and Crown Castle.

This year, our analysis identified a slight drop in negative mapping, from 11% to 9%. This change represents certain products or services offered by companies that could hinder the achievement of some of the SDGs. These mostly relate to climate change through SDG 7 – Affordable and Clean Energy – and SDG 13 – Climate Action, as well as health (SDG 3 – Good Health and Well-being). We continue to hold several companies in the oil & gas and mining sectors, as well as some auto manufacturers such as Ferrari and Toyota Motor Corp. Many of these companies remain subject to our engagement on climate change and related environmental issues. Companies involved in alcohol production continue to be the source of our negative mapping to SDG 3.

SDG alignment as at 31 December 2022



REVENUE ALIGNMENT BREAKDOWN:

POSITIVE	57%
NEGATIVE	9%
NEUTRAL	18%
CASH & SOVEREIGNS	15%
UNMAPPED	1%

- OTHER (POSITIVE LINK)
- NEUTRAL
- CASH
- UNMAPPED
- OTHER (NEGATIVE LINK)

Source: Columbia Threadneedle Investments, as at 31st December 2022, designed for illustrative purposes, subject to change.

Only SDGs with more than a 2% revenue alignment are shown. All SDGs less than 2% aligned are accounted for in the 'Other' sections of the chart (both positive and negative alignments). Due to a lack of data, investments in private equity markets are not currently mapped.

TWENTY LARGEST LISTED EQUITY HOLDINGS

1. MICROSOFT (1)
US listed technology company focused on software products and cloud computing. The company also designs and sells hardware devices.

2.09% TOTAL INVESTMENTS
£103.9M VALUE

2. UNITEDHEALTH (6)
US listed company offering healthcare products and insurance services. One of the largest healthcare companies in the world by revenue.

2.01% TOTAL INVESTMENTS
£100.1M VALUE

3. APPLE (4)
US listed technology company predominantly involved in design, development and sale of consumer electronics and software worldwide.

1.84% TOTAL INVESTMENTS
£91.9M VALUE

4. ELEVANCE HEALTH (PREVIOUSLY ANTHEM) (11)
US listed health benefits and insurance company providing health, dental, vision and pharmacy services across employer, individual and Medicaid/Medicare markets in the US.

1.33% TOTAL INVESTMENTS
£66.3M VALUE

5. ALPHABET (2)
US listed parent company of Google. Google's primary business is focused on internet related services and products, including its internet search engine and its Android smartphone operating system.

1.32% TOTAL INVESTMENTS
£65.7M VALUE

6. AMAZON.COM (3)
US listed e-commerce and cloud computing company. Largest listed internet retailer in the world based on market capitalisation.

1.11% TOTAL INVESTMENTS
£55.6M VALUE

7. BROADCOM (8)
US designer and supplier of semiconductor and infrastructure software solutions.

0.96% TOTAL INVESTMENTS
£47.6M VALUE

8. VICI PROPERTIES (–)
US listed real estate investment company that owns one of the largest portfolios of market-leading entertainment destinations, including the world-renowned Caesars Palace.

0.92% TOTAL INVESTMENTS
£45.7M VALUE

9. MERCK (18)
US listed healthcare company primarily focused on pharmaceuticals.

0.91% TOTAL INVESTMENTS
£45.4M VALUE

10. HESS (37)
US listed energy exploration and production company. Hess develops, produces, purchases, transports, and sells crude oil, natural gas liquids, and natural gas.

0.84% TOTAL INVESTMENTS
£41.9M VALUE

11. PHILLIPS 66 (49)
US listed energy manufacturing and logistics company, operating through four segments: Midstream, Chemicals, Refining, and Marketing and Specialties.

0.84% TOTAL INVESTMENTS
£41.8M VALUE

12. DOLLAR GENERAL (9)
US listed operator of discount retail stores across primarily the southern, southwestern, midwestern and eastern US. It offers a broad range of merchandise including both consumables and non-consumables.

0.83% TOTAL INVESTMENTS
£41.2M VALUE

13. AIR PRODUCTS (111)
US listed provider of atmospheric and specialty gases, equipment, and related services.

0.78% TOTAL INVESTMENTS
£39.1M VALUE

14. AMERICAN INTERNATIONAL GROUP (53)
US listed insurance provider serving commercial, institutional, and individual customers.

0.78% TOTAL INVESTMENTS
£38.9M VALUE

15. ASTRAZENECA (73)
UK listed company that engages in the research and development of pharmaceutical products. Manufacturer of the Oxford–AstraZeneca COVID-19 vaccine.

0.76% TOTAL INVESTMENTS
£37.8M VALUE

16. MASTERCARD (14)
US listed financial services company providing financial transaction procession services worldwide as well as offering credit and debit cards and internet payment systems.

0.75% TOTAL INVESTMENTS
£37.1M VALUE

17. TAIWAN SEMICONDUCTOR MANUFACTURING (TSMC) (7)
Taiwanese listed manufacturer and designer of semiconductors.

0.74% TOTAL INVESTMENTS
£37.1M VALUE

18. LAS VEGAS SANDS (54)
US listed company that develops, owns, and operates integrated resorts in Macau and Singapore.

0.73% TOTAL INVESTMENTS
£36.4M VALUE

19. WELLS FARGO (30)
US listed diversified financial services company that provides banking, investment, mortgage, and finance products and services internationally.

0.72% TOTAL INVESTMENTS
£36.1M VALUE

20. COMCAST (15)
US listed provider of media and television broadcasting services. The company also offers video streaming, television programming, internet and communication services to customers worldwide.

0.70% TOTAL INVESTMENTS
£34.9M VALUE

The value of the twenty largest listed equity holdings represents 20.96% (2021: 20.79%) of the Company's total investments.
The figures in brackets denote the position within the portfolio at the previous year end.
There were no convertible securities in the total portfolio at 31 December 2022 (2021: nil). There were fixed interest gilts of £60m included in the investments as at 31 December 2022 (2021: nil).
These are the largest listed equity holdings excluding collective investment schemes. If the whole portfolio was considered then PE Investment Holdings 2018 LP (£235.7m), Inflexion Strategic Partners (£79.6m) and Pantheon Access SICAV (£78.6m) would have been included in the list.
The Company's full list of investments is just under 400 and is published monthly on the website at fandc.com.

TEN YEAR RECORD (UNAUDITED)

All Company data are based on assets, liabilities, earnings and expenses as reported in accordance with the Company's accounting policies and are unaudited but derived from the audited Accounts or specified third-party data providers.

Assets at 31 December											
£m	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Total assets less current liabilities (excl loans)	2,401	2,657	2,838	3,001	3,461	3,960	3,817	4,545	4,919	5,831	**5,232**
Loans and debentures	322	227	261	299	248	292	325	436	407	550	**582**
Available for ordinary shares	2,079	2,430	2,577	2,702	3,213	3,668	3,492	4,109	4,512	5,281	**4,650**
Number of ordinary shares (million)(1)	577	570	562	559	547	542	542	543	537	527	**518**

Net Asset Value (NAV) at 31 December											
pence	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
NAV per share – with debt at par	360.2	426.1	458.4	483.4	587.9	676.5	643.9	757.3	840.7	1002.5	**896.9**
NAV per share – with debt at market value	357.6	424.8	458.4	483.4	587.2	675.8	642.9	753.9	831.8	998.7	**932.1**
NAV total return % – 5 years(2)											**48.9**
NAV total return % – 10 years(2)											**210.2**

Share price at 31 December											
pence	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Middle market price per share	320.5	378.0	421.2	449.2	544.0	647.0	633.0	765.0	787.0	926.0	**904.0**
(Discount)/premium to NAV with debt at market value %	(10.4)	(11.0)	(8.1)	(7.0)	(7.4)	(4.3)	(1.5)	1.5	(5.4)	(7.3)	**(3.0)**
Share price High	321.6	383.0	425.9	465.0	544.0	649.0	741.0	778.0	807.0	941.0	**946.0**
Share price Low	282.5	320.5	363.0	401.6	391.2	542.0	612.0	636.0	478.0	750.0	**770.0**
Share price total return % – 5 years(2)											**51.3**
Share price total return % – 10 years(2)											**240.7**

Revenue for the year ended 31 December	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Available for ordinary shares – £'000s(3)	40,841	44,037	37,857	47,262	58,393	63,486	69,438	70,937	52,480	58,500	**72,595**
Net revenue return per share – pence	7.02	7.69	6.69	8.42	10.57	11.67	12.81	13.06	9.71	10.99	**13.92**
Dividends per share – pence	8.50	9.00	9.30	9.60	9.85	10.40	11.00	11.60	12.10	12.80	**13.50**

Cost of running the Company

%	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Expressed as a percentage of average net assets:											
Total Expense Ratio(4)	0.55	0.5	0.53	0.53	0.53	0.52	0.56	0.53	0.51	0.47	**0.48**
Ongoing Charges(4)	0.90	0.86	0.87	0.80	0.79	0.79	0.65	0.63	0.59	0.54	**0.54**
Total Costs(4)(5)	–	–	–	–	–	1.06	1.01	1.05	1.19	1.16	**1.12**

Gearing(4) at 31 December

%	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Net gearing	14.3	8.0	8.9	8.6	6.9	7.2	6.6	9.9	8.0	9.4	**7.3**

(1) Shares entitled to dividends.
(2) Source: Morningstar UK Limited.
(3) Management fees and finance costs allocated 25% to revenue account from 2015 onwards (previously 50%).
(4) See Alternative Performance Measures on page 115 for explanation.
(5) Not calculated for years prior to 2017.

BUSINESS REVIEW

PURPOSE, VALUES AND INVESTMENT OBJECTIVE

Our purpose is essentially unchanged since inception in 1868; at the outset it was to provide the investor of relatively moderate means access to the same opportunities and advantages as the very largest investors and to diminish risk by investing broadly. We now invest in global equities, both listed and private, and continue to provide a diversified, convenient and cost-effective global investment choice to meet the longer-term investment needs of large and small investors. Our values centre around integrity, innovation, adaptation and diversification and are integral to and inherent in our long-term strategy. More recently, we have incorporated a commitment to transitioning the portfolio to net zero carbon emissions by 2050, at the latest, with a greater focus on investing responsibly.

Our investment objective is to secure long-term growth in capital and income for our shareholders. Our investment strategy is therefore designed to produce outperformance and real rises in dividends over the longer-term. We do this by investing mainly in public and private equity markets, using borrowings to enhance returns and by managing costs carefully. Our investments are held in a number of portfolios that are individually concentrated but are managed as a whole to provide global diversification, lower volatility and lower risk. In an ever changing environment in which there is a greater need for individuals to take control of their future financial wellbeing, our wider business strategy aims to position us as a core investment choice through all available channels.

BUSINESS MODEL

As an investment trust company with no employees, we believe that the best way to achieve our objective is to have an effective and strong working relationship with our appointed manager, Columbia Threadneedle Investment Business Limited (the **'Manager'**). Within policies set and overseen by the Board of Directors, our Manager has been given overall responsibility for the management of the Company's assets, including asset allocation, gearing, stock and sector selection as well as risk management. The Manager has the flexibility to use other fund managers by delegating the management of some investment portfolios externally. These currently include the North American listed equity portfolios and a proportion of the Private Equity holdings. Engagement on Responsible Investment matters is undertaken through a global team within Columbia Threadneedle Investments composed of staff in Columbia Threadneedle Management Limited, Columbia Management Investment Advisers LLC and Threadneedle Asset Management Limited, as affiliates acting on behalf of the Manager. The Board remains responsible for the matters listed on pages 53 and 54.

To provide a breadth of sources of return, the individual investment portfolios are managed on a global or regional basis. While we invest primarily in listed equities, we retain complete investment flexibility to invest in other types of securities or assets depending on the return prospects and in consideration of the implications for the broader portfolio. Furthermore, as a closed-end, listed investment trust company we are not constrained by asset sales to meet redemptions. Our share capital structure gives us the flexibility to take a longer-term view and stay invested, while taking advantage of illiquidity throughout normal and volatile market conditions. Having the ability to borrow to invest gives us a significant advantage over a number of other investment fund structures. These features combine to form a resilient and adaptable business model that helped us to weather the impact of the Covid-19 pandemic, as it did during many a world crisis before.

ALIGNMENT OF VALUES AND CULTURE

In addition to strong investment performance from our Manager, we expect it to adhere to the highest standards of Responsible Investment, transparency, corporate governance and business ethics and that its values and culture align with our own. As a founder signatory to the United Nations Principles for Responsible Investment (**'UNPRI'**), Columbia Threadneedle Investments continues to perform well in the 2021 UNPRI assessment, and compared to our peers for key areas of their Responsible Investment approach and active ownership in listed equities. For us, therefore, a key aspect of the change of ownership of BMO GAM was the cultural fit with Columbia Threadneedle and the Board considered the Manager's culture and shared values as part of the annual assessment of its performance and in determining whether its reappointment is in the interests of shareholders.

RESPONSIBLE INVESTMENT IMPACT

Our environmental, social and governance principles are key elements of our Responsible Investment approach and are central to our objective to deliver sustainable investment performance over the long-term. We continue to review and challenge our approach to Responsible Investment, recognising our globally diversified strategy. As we continue to evolve our approach, our Responsible Investment principles will remain at the core of our strategy.

The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations, either as a producer or a provider of goods or services and it does not have customers in the traditional sense. It is therefore exempt from reporting on its energy and carbon emissions under the Streamlined Energy and Carbon Reporting requirements.

MANAGER EVALUATION AND ALIGNMENT OF SHAREHOLDER INTERESTS

An important responsibility of our wholly independent Board of non-executive Directors is the robust annual evaluation of the Manager's performance and its capabilities and resources, given that investment performance and Responsible Investment are fundamental to delivering sustainable long-term growth in capital and income for our shareholders. This evaluation is an essential element in the strong governance and mitigation of risk, as outlined under the Principal Risks identified on page 40. The process for the evaluation of our Manager for the year under review and the basis on which the reappointment decision was made are set out on page 56. The management fee is based on the Company's market capitalisation, thus aligning the Manager's interests with shareholders' interests through share price performance. Details of the management fee arrangements are set out in the Report of the Management Engagement Committee.

MANAGING RISKS AND OPPORTUNITIES

We seek to make effective use of our corporate structure and the investment opportunities that lead to long-term growth in capital and income for our shareholders. These opportunities do not come without risks and therefore the performance of our Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. It reports on the Company's investment portfolios; the wider portfolio structure; risks; compliance with borrowing covenants; income, dividend and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price discount or premium to NAV; and accounting and regulatory updates. The performance of each individual investment portfolio is reviewed through a series of presentations given by each specialist investment management team throughout the year.

Shareholders can assess the Company's financial performance from the Key Performance Indicators that are set out on pages 38 and 39. On pages 40 to 42 are set out what the Directors consider to be the principal and emerging risks that it faces. In addition to monitoring our Manager's performance, commitment, available resources and its systems and controls, the Directors also review the services provided by other principal suppliers. These include the Custodian and Depositary in the safeguarding of the Company's assets.

The principal policies that support our investment and business strategy are set out on pages 35 to 37, whilst the Fund Manager's review of activity in the year can be found on pages 8 to 15. In light of the Company's strategy, investment processes and control environment (relating to both the oversight of its service providers and the effectiveness of the risk mitigation activities), we have set out in our long-term viability statement on pages 43 and 44 our reasonable expectation that the Company will continue in operation for at least the next ten years.

FUND MANAGER AND MANAGEMENT OF THE ASSETS

As Fund Manager on behalf of our Manager, Paul Niven is responsible for developing and implementing the investment strategy with the Board and for the day to day management of the total portfolio, covering the entire range of individual investment portfolio strategies. His role covers tactical decisions over the allocation of assets between the different investment portfolios as well as determining the level and timing of gearing within the range prescribed by the Board. He has responsibility for overall portfolio composition but delegates stock selection decisions. The underlying specialist portfolio management teams are responsible and accountable to him and ultimately to the Board for their investment performance.

MARKETING

The routes and access to stock markets have changed beyond all recognition since the Company first set out to provide investment opportunities to investors of more moderate means but, with the majority of the Company's shares now in the hands of tens of thousands of retail investors, the Company continues to serve its purpose well. Reflecting changes in the market in more recent years, an increasing proportion of the Company's shareholders hold their investments via third-party platforms, as well as through the Columbia Threadneedle Savings Plans which remain a cost effective and flexible way to invest. Recognising the changes in how our key target market is choosing to invest, as well as the benefits of the Company continuing to maintain and grow a well-diversified underlying shareholder base, a key focus of our marketing activities is to maintain, and ideally increase, the proportion of shares held via third-party platforms and the Columbia Threadneedle Savings Plans. This has been on an upward trend in recent years, as shown in the Key Performance Indicators on page 39. During the year we launched new branding for the Company and supported it with a marketing campaign aimed at increasing awareness of the benefits of investing in the Company and attracting new investors, which will continue into 2023.

SECTION 172 STATEMENT

Section 172(1) of the Companies Act 2006 (**'Section 172'**) requires that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Directors have had regard to the matters set out in Section 172 and have continued to act to promote the success of the Company for the benefit of its shareholders as a whole. This included the likely consequences of their decisions in the longer-term and how they have taken wider stakeholders' needs into account. Details of the Company's key stakeholders and the engagement undertaken in 2022 are set out below.

As a long-term investor we always look to the future and to the success of the Company from that perspective. We believe that the Company provides a clear investment choice, not only for investors large and small, but also for those starting their investment journey. As reported above, we continue therefore to promote the Company through marketing and public relations initiatives and, at a wider social level, by supporting broader financial education across schools and universities. We have continued to work on these initiatives and towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, stakeholders and the community at large.

KEY STAKEHOLDER AND SHAREHOLDER ENGAGEMENT

Stakeholders	Engagement and Outcomes in 2022
The Manager	
The Board's main working relationship is with our Manager, with the aim of achieving the Company's investment objective in an effective, responsible and sustainable way in the interests of shareholders, future investors and society at large.	Engagement with our Manager is ongoing through regular Board meetings and discussion. Emphasis was on investment performance and our progress towards transitioning the Company's investment portfolio to net zero carbon emissions by 2050, at the latest. Our approach towards Responsible Investment and aspects concerning environmental, social and governance issues are set out on pages 16 to 25. We also show the key performance indicators that are now in place to measure our progress in meeting this objective. The portfolio activities undertaken by our Manager and the impact of decisions affecting investment performance are set out in the Fund Manager's Review on pages 8 to 15. With Columbia Threadneedle we are well placed to encourage awareness and dialogue on responsible investment issues amongst the wider community. As in 2018 and 2020, we sponsored a lecture at The Guildhall, London in 2022, with the theme "Smart Choices for a Smarter Future". It included information on the Company's investment approach. Video clips are available on the Company's website at www.fandc.com/smart-choices-for-a-smarter-future/
Lenders	
Our lenders are key stakeholders as we use borrowings to enhance returns to shareholders over the longer-term.	We keep our lenders informed through monthly covenant compliance reporting. During the year we drew a further £140m of fixed rate senior unsecured private placement notes that were issued in late 2021. The pricing levels were highly attractive by historic comparisons and improved further the maturity profile of the Company's borrowings.
Child Trust Fund, Junior ISA and other young investors	
Many of our underlying shareholders are young and hold their shares through their parents in Columbia Threadneedle's Child Trust Fund and Junior ISA. We hope to retain these investors for the longer-term and also foster education among young people more generally.	Now that many Child Trust Fund accounts have reached maturity, our focus is on keeping as many of these young investors with us as possible. Ahead of account maturity, Columbia Threadneedle writes to their parents setting out their options. In due course we will be able to judge how successful this initiative has been in keeping these young investors, but retention rates are currently in line with expectations. We paused our financial education programme in 2022, pending our rebranding. In the coming year we will resume this programme, which is designed to help people understand better the opportunities and significance of not just of saving, but how their savings can work much harder through investment over the long-term. We also plan to run the "F&C Investment Trust Prize", a competition designed to inspire financial thinking among students and showcase their financial knowledge.

Shareholders	
Albeit not in the traditional sense, we see our shareholders as customers who we hope will stay invested with us and reap the benefits of investing over the long-term.	The Chairman and Senior Independent Director are always available to engage with shareholders. Access to the daily publication of our NAV and monthly factsheet is available from our website. We also publish our detailed half year and annual results for main register shareholders and Columbia Threadneedle Savings Plan investors. As an alternative, we provide the option of a short notification summary with the main highlights and access details to where the full information can be found. In addition to main register shareholders, savings plan investors are encouraged to participate fully at shareholder meetings. In 2022, we held a "hybrid" Annual General Meeting for the first time. This allowed many more of our shareholders to view the meeting, and to ask questions and vote, online. Voting at the annual general meeting was taken on a poll and the results on each resolution, which were all strongly in favour, were published on the website. The 2023 AGM will follow the same format. The Company has very few institutional shareholders and instances of engagement are therefore rare but will always be reported to the Board.
Wealth managers and independent financial advisers	
Columbia Threadneedle has a team dedicated to fostering good relations with wealth managers and independent financial advisers and keeping underlying investors informed, with the aim to promote the Company's investment proposition and improve the share price.	This team organises meetings with wealth managers and independent financial advisers as well as preparing webinars, interviews, newsletters and videos shared via several media channels. The team gathers feedback and answers questions in relation to the Company and its investment strategy. Feedback from these meetings, webinars and interviews is reported regularly to the Board.

On pages 40 to 42 we show how we employ our strategies to mitigate the principal and emerging risks associated with our:

- Investment performance
- Effectiveness of Appointed Manager
- Cyber Threats and Data Protections
- Loss of Key person
- Transition to Net Zero

Further to the provisions of the Companies Act 2006 relating to the preparation of a Strategic Report and concerning non-financial and diversity information, we have integrated the information required for a Non-Financial Information Statement (**'NFIS'**) into this Strategic Report with a view to cohesive reporting. The NFIS requirements are explained on page 120, together with a guide to the location of the embedded information.

PRINCIPAL POLICIES

The Board has responsibility for the Company's principal policies, which support its investment objective of achieving long-term growth in capital and income for our shareholders.

INVESTMENT

Our publicly stated investment objective and policies are designed to help shareholders, prospective investors and stakeholders understand the scope of our investment remit and the constraints imposed under it. Any material changes to the stated objective or policies can only be made with shareholder approval. No immediate changes are necessary as a result of the decision to transition our investments to net zero carbon emissions by 2050, at the latest.

Our remit is global. Risk diversification is achieved through geographic asset allocation and industry sector and stock selection across a wide range of markets. Within the general policy of maintaining a diversified portfolio, there are no specific geographic or industry sector exposure limits for the publicly listed equities. A limit of 5% of the value of the total portfolio, excluding private equity investments, has been placed on unlisted securities at the time of acquisition. Any unlisted investment requires specific Board approval, with the exception of new private equity investments, responsibility for which has been delegated to our Manager. Shareholder approval would be sought in the event that it is considered that the long-term exposure to Private Equity investments could exceed 20% of the value of the total portfolio.

Under the Company's Articles of Association, with limited exceptions, no single investment may be made which exceeds 10% of the value of the total portfolio at the time of acquisition. Under the Listing Rules, no more than 10% of the total assets may be invested in other listed closed-end investment companies, unless such investment companies have themselves published investment policies to invest no more than 15% of their total assets in other closed-end investment companies, in which case the limit is 15%. A limit of 5% of the value of the total portfolio has been placed on investment funds managed by the Manager at the time of acquisition and any such investment requires specific Board approval.

The Company will typically remain fully invested in equities but is not prohibited from investing in other types of securities or assets. Derivatives may be used for the purposes of income enhancement and efficient portfolio management, covering tactical asset allocation and risk mitigation, including protection against currency risks within strict limits. Short dated government bond instruments, such as UK Gilts and US Treasuries, may be used as an alternative to holding cash.

Due diligence with regard to the investment policies is carried out at each Board meeting, with regular, comprehensive reporting from the Fund Manager. Confirmation of adherence to the investment restrictions set by the Board is required, and given, at each meeting. The Fund Manager's Review on pages 8 to 15 provides an overview of the outcome from the application of the investment policies during the course of the year.

BORROWING

Using our closed-end investment company structure, we have a long record of successfully using gearing to enhance shareholder returns. Our policy is to borrow in sterling or foreign currency over short, medium or long-term periods and normally within a range of 0 – 20% of shareholders' funds. Borrowing levels and covenant headroom are monitored at each Board meeting. In his report, under Gearing, the Fund Manager explains the impact and longer-term performance potential for our returns as a result of our borrowings.

DIVIDEND

Our revenue account is managed with a view to delivering a rising income stream in real terms over the long-term for shareholders. Prudent use of our Revenue Reserve established over many decades is made whenever necessary to help meet any revenue shortfall and to weather periods of crisis. The Revenue Reserve meant that we had the capacity to continue to pay an increased dividend in recent years, despite the impact on our earnings of the Covid-19 pandemic. Worldwide economic and financial instability continues and the ongoing conflict in Ukraine is of great concern, but in the year under review our net return per share increased by 26.7% on 2021 and as a result the proposed dividend for the year is covered by our earnings. Dividends can also be paid from Capital Reserves, although we have no current need, or intention, to do so.

The Board applies due diligence and determines dividend payments by taking account of timely income forecasts, brought forward distributable reserves, prevailing inflation rates, the Company's dividend payment record and Corporation Tax rules governing investment trust status. Risks to the dividend have been considered as part of the Principal and Emerging Risks reviews noted on page 40. They include worldwide economic, financial and political instability leading to significant deterioration in the level of income we receive and unforeseen and significant changes to our regulatory environment. We have sufficient liquid resources to fund envisaged levels of dividend payment. Information on the dividend for 2022 is reported on page 6.

DISCOUNT/PREMIUM

Over many years we have consistently applied a share "buyback" policy. Under this policy we buy back the Company's shares in the market for the benefit of shareholders where we see value and, importantly, in pursuit of a sustainably low deviation between the share price and NAV per share and to dampen discount volatility, in normal market conditions. The policy and the levels within which it has operated are continually reviewed, with the aim of achieving the long-held aspiration of the Company's shares trading at or close to NAV per share. Shares bought back may be cancelled or held in treasury. Those held in treasury can be re-issued, or new shares issued, in order to satisfy shareholder demand and to moderate the premium to which the share price can rise in relation to the NAV per share. The discount or premium levels are reviewed at each Board meeting. Information on the results of this policy can be found on page 6.

RESPONSIBLE INVESTMENT

The Board has committed to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. Over the past year, our Manager has been working on an implementation methodology. Our approach reflects our belief in the power of investor engagement rather than simply divesting or excluding stocks or sectors. However, the activities of some companies are incompatible with our Responsible Investment approach; namely tobacco product producers, cluster bombs and landmines and thermal coal. We exclude companies with exposure to these activities exceeding certain revenue thresholds.

(1) See Glossary of Terms on page 118.

BOARD DIVERSITY

Our policy towards the appointment of non-executive directors to the Board is based on our belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender, ethnicity and contributions from an international perspective. The policy is always to appoint the best person for the role and, by way of this policy statement, we confirm that there is not and will not be any discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or disabilities.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of investment performance for shareholders over the longer-term in the form of sustainable growth in both capital and income. We apply the policy for the purpose of appointing individuals that, together as a board, will continue to achieve that aim as well as ensuring optimal promotion of our investment proposition in the marketplace. In terms of progress in achieving diversity, the current gender balance of four men and four women Directors exceeds the target of 33% of women on FTSE 350 company boards set under The Hampton-Alexander Review[1]. As a result of the process currently underway to recruit a successor to Francesca Ecsery, we expect to meet the FCA requirement that, with effect from the current financial year, the Board has at least one director from an ethnic minority background (following the recommendation of the Parker Review Committee[1]). The Board will strive to ensure that it continues to comprise individuals with diverse and complementary skills and experience in order to meet the Company's objectives. In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity:

Board Gender as at 31 December 2022[1]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	4	50%	1
Women	4	50%[2]	2[3]

(1) The Company does not disclose the number of Directors in executive management as this is not applicable for an externally managed investment trust company.
(2) This meets the Listing Rules target of 40%.
(3) This meets the Listing Rules target of 1. The position of the Chairman of the Audit Committee is held by a woman. This role is not currently defined as a senior position under the Listing Rules, however the Board believes that, for an investment trust company, it should be regarded as such as it is broadly equivalent to the Chief Financial Officer of a trading company.

Board Ethnic Background as at 31 December 2022[1]	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	8	100%	3[2]
Mixed/Multiple Ethnic Groups	–[3]	–	–

(1) The Company does not disclose the number of Directors in executive management as this is not applicable for an externally managed investment trust company.
(2) The three senior positions are: Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee.
(3) The Board expects to meet the FCA requirement that, with effect from the current financial year, the Board has at least one director from an ethnic minority background.

The information included in the above tables has been obtained through questionnaires completed by the individual Directors.

TAXATION

As an investment trust company, it is essential that we retain our tax status by complying at all times with Section 1158 of the Corporation Tax Act 2010 (**'Section 1158'**) such that UK Corporation Tax is not suffered on our capital gains. Taxation returns are submitted annually and any taxation due is settled promptly. Where possible, all taxes suffered in excess of taxation treaty rates on non-UK dividend receipts are claimed back in a timely manner. The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. In applying due diligence towards the retention of Section 1158 status and adhering to our tax policies, the Board receives regular reports from the Manager. We have received approval from HMRC as an investment trust under Section 1158 and have since continued to comply with the eligibility conditions.

MODERN SLAVERY ACT 2015

The values that we hold, our culture and the rationale for the appointment of the Manager are explained on page 30. Columbia Threadneedle Investments is an organisation committed to respecting human rights and stands against all forms of slavery and human trafficking. It is recognised as a leader in responsible investment and works with policymakers worldwide to deliver market-wide improvements in standards and regulations. In 2022 approximately 34% of its engagement across the companies in which the Manager invests for its clients was on social themes, with extensive work on labour practices. The Manager is an investor signatory to the Workforce Disclosure Initiative ('WDI') which aims at enhancing relevant and material workforce-related disclosure on a wide range of workforce issues, covering companies' direct operations and supply chains. As part of its commitment to the WDI, in 2022 the Manager held 68 engagements with 59 companies seeking improved transparency of workforce management. We are very supportive of the Manager's approach and whose formal statement can be found on its website at columbiathreadneedle.com.

Our own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. We believe therefore that the potential risk of acts of modern slavery or human trafficking in our own environment is extremely low.

INTEGRITY AND BUSINESS ETHICS

We apply a strict anti-bribery and anti-corruption policy insofar as it applies to the Directors and any directors or employees of the Manager or of any other organisation with which we conduct business. The Board ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

KEY PERFORMANCE INDICATORS

We assess the efficacy of our strategy by comparing the Company's long-term performance against the following five key measures: Performance, Dividend, Discount, Efficiency and Marketing. Detailed commentary on these measures can be found in the Chairman's Statement and in the Fund Manager's Review.

Our Key Performance Indicators (**'KPIs'**) have been set to help us achieve our overriding strategic objective of delivering long-term growth in capital and income for our shareholders. Whilst the NAV per share is an important indicator of our portfolio performance, we recognise that the share price total return, which is the change in the share price and assumes all dividends are reinvested, is most important to shareholders. Income is important and we aspire to a rising dividend in real terms over the long run, but this is not achieved at the expense of risking capital growth potential. A balance is struck between income and capital needs, which may result in periods when the dividend is not covered by earnings in pursuit of superior total returns. Nevertheless, with our substantial revenue reserve and the flexibility to use capital reserves, we are in the enviable position of being able to continue our long track record of dividend increases, even in recent years when many companies passed or cut their dividend payments. 2022 marks the fifty second consecutive increased annual dividend and the one hundred and fifty fifth annual dividend payment.

Volatility in the share price discount to the NAV per share can be regarded by many as an investment opportunity but can be unsettling for shareholders. We therefore show this disparity between the share price and the NAV per share as a KPI and have set a policy aspiration to see the Company's shares trading consistently at, or close to, the NAV per share. Whilst not a panacea for controlling the discount, the application of a consistent buyback policy over many years has seen the disparity narrow significantly. The share price moved to a small premium at the end of 2019 but has since moved back to a discount. The Board remains resolute in applying the necessary measures towards achieving this important policy aspiration.

We are also very focused on costs. The recognised method of cost measurement within the investment trust industry is Ongoing Charges(1) and the Company's Ongoing Charges ratio has shown a downward trend in recent years. In 2022 it was 0.54%, the same level as in 2021, and remains highly competitive within the investment trust sector. Our Total Costs(1) ratio, which includes interest and transaction costs, was 1.12%. Many competing products in the financial services industry are not required to disclose the Total Costs measure and like-for-like comparisons against investment trust companies are therefore not possible. Our Ten Year Record on page 29 shows the extent to which we have kept costs under control, which has made a considerable contribution to our results over multiple years.

We promote and market the Company in a number of ways. One of our KPIs is a marketing performance measure that tracks the percentage of the Company's shares held on retail platforms as we recognise that these can provide investors with convenient and relatively low cost access to the Company's shares and an important source of demand. A healthy level of demand will show the extent to which we are continuing to meet our purpose and should help to support the share price. In turn, a well-supported share price should help towards achieving the Board's aspiration of the Company's shares trading consistently at, or close to, the NAV per share. The percentage of shares held on platforms has continued on an upward trend in 2022 having been set back slightly in 2020 following the market shock and uncertainty around Covid-19.

In 2021, the Board added KPIs to measure progress towards transitioning the Company's portfolio to net zero carbon emissions by 2050, at the latest. Those KPIs are shown within the Responsible Investment report on pages 16 to 25.

(1) See Alternative Performance Measures on page 115 for explanation.

Performance: Total returns to 31 December 2022 (Cumulative)	1 Year %	3 Years %	5 Years %	10 Years %	We aim to secure long-term growth in capital and income
Share price[1]	(0.9)	23.8	51.3	240.7	This compares the Company's share price and NAV total return against those produced by the constituents of the benchmark and our peer group, and against inflation. The ten year figures for the benchmark take into account the change in January 2013 from a composite benchmark (40% FTSE All-Share/60% FTSE WI World Index ex UK) to the FTSE All-World Index.
NAV (with debt at market value)[1]	(5.3)	29.4	48.9	210.2	
Benchmark[2]	(7.7)	23.9	45.0	191.4	
AIC Global Sector Median share price (investment companies)[3]	(16.8)	4.8	34.7	195.9	
AIC Global Sector Median NAV (investment companies)[3]	(12.3)	17.0	40.4	169.1	
IA Global Sector Median (open-ended funds)[3]	(11.6)	20.3	37.5	162.7	
Consumer Price Index	10.5	17.2	21.2	30.3	

Source: Columbia Threadneedle Investments, Morningstar UK Limited and Refinitiv Eikon

Dividend: Dividend Growth per annum to 31 December 2022 (Annualised)	1 Year %	3 Years %	5 Years %	10 Years %	We aim to deliver a rising dividend stream in real terms over the longer-term
Dividend[1]	5.5	5.2	5.4	4.7	This shows the Company's compound annual dividend growth rate and compares it to the Consumer Price Index.
Consumer Price Index	10.5	5.4	3.9	2.7	

Source: Columbia Threadneedle Investments and Refinitiv Eikon

(Discount)/premium: Share price (discount)/premium to NAV	2018 %	2019 %	2020 %	2021 %	2022 %	We aspire to seeing the shares trading at or close to NAV per share
(Discount)/premium at 31 December[1]	(1.5)	1.5	(5.4)	(7.3)	(3.0)	This is the difference between the share price and the NAV per share. It is an indicator of excess supply over demand for the Company's shares in the case of a discount and the excess demand over supply in the case of a premium.
Average discount in year	(1.3)	(2.2)	(6.1)	(7.2)	(7.5)	

Source: Columbia Threadneedle Investments

Efficiency: Costs Year to 31 December:	2018 %	2019 %	2020 %	2021 %	2022 %	Our policy is to control the costs of running the Company
Ongoing charges[1]	0.65	0.63	0.59	0.54	0.54	This data measures the running costs as a percentage of the average net assets in the year. Total costs are inclusive of interest expense and transaction charges.
Total costs[1]	1.01	1.05	1.19	1.16	1.12	

Source: Columbia Threadneedle Investments

Marketing: Platforms As at 31 December:	2018 %	2019 %	2020 %	2021 %	2022 %	We promote access to FCIT's shares through all available distribution channels with the aspiration of being on as many platforms as possible.
Platforms	64.94	64.97	64.86	65.52	67.06	This shows how the percentage of shares held through platforms, including the Columbia Threadneedle Investment Savings Plans, has been increasing.
Other individuals, advisers and institutions	35.06	35.03	35.14	34.48	32.94	

Source: Columbia Threadneedle Investments

(1) See Alternative Performance Measures on page 115 for explanation.
(2) See Glossary of terms on page 118 for explanation of "benchmark".
(3) These are considered by the Board to be the most relevant and reliable industry-standard peer group performance measures.

PRINCIPAL AND EMERGING RISKS

The Board has carried out a robust review and assessment of the Company's Principal and Emerging Risks and the uncertainties that could threaten its future success. This includes near-term risks such as those posed by the change of ownership of the Manager and longer-term risks, such as climate change. The consequences for the Company's strategy, business model, liquidity, future prospects, long-term viability and its commitment to transition the portfolio to net zero carbon emissions by 2050, at the latest, form an integral part of this review. As a result of the Board's assessment, the following risk disclosures have been reviewed and revised to reflect what it believes to be the Principal and Emerging Risks that the Company faces at present.

In the past two years we have highlighted, as emerging risks, the extent and impact of the response from governments to meet the costs of Covid-19 and the potential for the imposition of controls and taxes that could be detrimental to the savings industry and investors themselves. These risks are feeding through, with the UK and many other countries now close to or in recession as the impact of the various fiscal measures is being felt.

Economic and market shocks in one form or another, and their consequences, are risks that have long been on the Board's risk assessment. The effects of the Covid-19 pandemic have eased but there can be no complacency. The Company's purpose, strategy, investment policy and innate characteristics, most notably portfolio diversification and an embedded long-term outlook, again demonstrated its strong resilience in the face of a global crisis. Our risk evaluation forms an inherent part of our strategy determination, which seeks to mitigate risks and to pursue the opportunities that arise, not least at times of great turmoil.

BMO GAM has been acquired by Ameriprise and its integration with the business of Columbia Threadneedle Investments is well advanced. The Board looks favourably upon this acquisition and there has been little change for your Company, however an acquisition of such magnitude introduces some uncertainty until the integration of systems is fully implemented. The Board will continue to monitor this risk closely.

The following sets out what the Board regards as the Principal and Emerging Risks faced by the Company, whether those risks have changed in the year under review and how those risks are mitigated.

PRINCIPAL RISKS

Investment Performance

Inappropriate asset allocation, sector and stock selection, currency exposure and use of gearing and derivatives may give rise to under-performance and impact the Company's dividend paying capacity. Political risk factors, including the potential emergence of restrictive government controls, could also impact performance as could market shocks such as those experienced as a result of Covid-19 and geo political factors. Russia's invasion of Ukraine, continuing economic and market uncertainty and political instability indicates that this risk has increased.

Under our Business Model, a Manager is appointed with the capability and resources to manage the Company's assets through asset allocation, sector and stock selection, gearing and risk management. The Manager can delegate the management of investment portfolios externally to third party managers. The individual global and regional investment portfolios are managed as a whole to provide diversification, lower volatility and lower risk. The performance of the Company relative to its benchmark, its peers and inflation is a KPI measured by the Board on an ongoing basis and is reported on page 39.

The Company's portfolio is well diversified and its closed end structure enables it to continue to take a long-term view. Detailed reports provided by the Fund Manager are reviewed by the Board at each of its meetings. The Manager's Performance and Risk Oversight team provide independent oversight on investment risk management for the directly managed portfolios. As outlined in the Fund Manager's Review starting on page 8 and reported in the Key Performance Indicators on page 39, long-term performance remains in line with expectations. In 2020 the Company purchased a series of forward currency contracts to the value of £300m as a partial hedge against the US dollar. This was reduced by £100m in late 2021 and further reduced in 2022 to £20m. Prudent management of the Company's Revenue Reserve means that its dividend paying capacity remains strong.

Effectiveness of Appointed Manager

The Business Model is based on the premise of an effective and strong working relationship with the appointed Manager, while an important responsibility of the Board is the robust annual evaluation of its performance, capabilities and resources, leading to the decision as to whether to reappoint it. Succession planning concerning any potential significant management changes is shared with the Board. Internal performance KPIs and Manager errors are monitored by the Board for indications of continuity or other Manager issues.

The Board met with Columbia Threadneedle's senior management to discuss the acquisition of BMO GAM and comfort was taken as to Columbia Threadneedle's long-term financial strength and resources and its policies and commitment towards the investment trust business and the savings plans.

The Manager's systems and staffing capabilities continued to operate satisfactorily throughout 2022. Thorough reviews and challenges were made through the Audit Committee, Management Engagement Committee and the Board. Whilst the Board has confirmed the reappointment of the Manager, the integration of BMO GAM and Columbia Threadneedle's systems inevitably introduces a degree of uncertainty. A critical milestone is the move to a new order management system, Aladdin, widely regarded as the market leading system. It is expected that this change will be completed in the first half of 2023. This risk is therefore categorised as unchanged.

Cyber Threats and Data Protections

The ancillary functions of administration, company secretarial, accounting and marketing services are all carried out by the Manager. The Board monitors the effectiveness and efficiency of the service providers' processes through internal efficiency KPIs.

The Audit Committee and the Board have reviewed regularly the Company's risk management framework with the assistance of the Manager. Regular control reports from the Manager covering risk, compliance and oversight of its own third-party service providers, including IT security and cyber threats, have also been reviewed. The Manager maintains regular contact with its key outsourced service providers and has received assurances regarding the continuity of their operations. Service levels are monitored by the Manager with any deviations from the service level agreements escalated immediately, both internally and with the relevant third party. The Board has reviewed reports from the Depositary, which is liable for loss of any of the Company's securities and cash held in custody unless resulting from an external event beyond its reasonable control. Whilst the risk of loss remains high, Board and management vigilance also remains heightened and therefore this risk is categorised as unchanged.

Loss of Key Person

The Board has considered who are the key people that could potentially pose a risk to the Company should they leave Columbia Threadneedle Investments and are confident that those people could be replaced appropriately through internal promotion or external recruitment. The person posing the largest key person risk is the Company's Fund Manager, Paul Niven, who is Head of Asset Allocation (Europe, Middle East & Africa) at Columbia Threadneedle Investments and as such is a key person in managing the Company's assets. He has been our Fund Manager for almost 9 years.

The Board meets with members of the wider Columbia Threadneedle investment management team to ensure that relationships are fully developed at all levels. Succession planning concerning any potential significant management changes is shared with the Board. Paul's team is 20 strong and it is divided into sectors with lead individuals who have detailed knowledge of the portfolio within their remit. The Board has received assurance from senior management at Columbia Threadneedle Investments that Paul's team has the necessary breadth and experience if they were required to manage without him. The Board is confident that the structure that supports Paul could manage in the event that he was to become incapacitated or leave the firm. The Board considers that this risk is unchanged but has chosen to identify it separately as a principal risk.

EMERGING RISK

Transition to Net Zero

The Board has made a commitment to transition the Company's portfolio to net zero carbon emissions by 2050, at the latest. Responsible Investment is a field that is evolving rapidly and it can present both opportunities and threats to the long-term investment performance that we aim to deliver to our shareholders.

The Manager believes in the power of engaged, long-term ownership as a force for positive change. It applies high standards of Responsible Investment in managing the investments on behalf of our shareholders and takes seriously its stewardship responsibilities, actively engaging with investee companies. The Board meets with Columbia Threadneedle's Responsible Investment team on a regular basis. We recognise the importance of disclosing information on Responsible Investment that is relevant, reliable and, as far as possible, ensuring that it is presented in a consistent way from year to year in order that our progress can be assessed.

The Board has continued to work with the Manager in managing the Company's risks. A risk summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls in place and the actions being taken to mitigate them. The Board, through the Audit Committee, has a robust process for considering the resulting risk control assessment at regular meetings and on an ongoing basis reviews the significance of the risks and the reasons for any changes.

The Board carried out a thorough review of the risks that could impact the sustainable success of the Company. The purpose of the exercise was to reassess the principal risks and identify any new, emerging risks and to take any necessary action to mitigate their potential impact. The Risk Control Assessment was then revised in line with the conclusions that were reached. It was agreed that the risk to investment performance had increased as a result of market uncertainty and political instability; that key person risk should be regarded as a principal risk; and that, whilst the risk of loss through cyber threats remained heightened, there had been increased Board and management vigilance and therefore the risk remained unchanged. The Board continues to review and challenge the risks that the Company faces.

GOING CONCERN

The Directors confirm their reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements. This confirmation is based on a review of assumptions that took into account the outlook for global stock markets and economies; the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments; and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors also took account of the Company's resilience in withstanding the impact of the substantial fall in stock markets in March 2020 triggered by the Covid-19 pandemic and have carried out stress tests covering the period to 31 March 2024 that enabled them to assess the impact of varying degrees of:

- falls in the value of the publicly listed investments;
- increased buyback volumes;
- illiquidity and early calls on private equity commitments;
- adverse fluctuations in exchange rates; and
- falls in annual revenue.

In addition to the stress tests, a reverse stress test was carried out to establish the extent to which markets and revenue would need to fall and exchange rates move such that the Company would breach its most onerous financial loan covenants. These covenants stipulate that the net assets of the Company must not fall below £750m and that gearing must not exceed 35% of the adjusted portfolio value(1). The results of the test illustrated that a 62% fall in the values of the public and private equity portfolios alongside a 50% fall in revenue and adverse exchange rate movements of 20% would take the gearing position to over 35% of the adjusted portfolio value(1) and would therefore be in breach. The test was illustrative only and undertaken without any assumptions of intervention that would mitigate their effect. Such an event is therefore highly unlikely. Under any scenario of prolonged severe market falls that could threaten the Company's ability to continue as a going concern, the Board would work with the Manager to take mitigating action that could include portfolio restructuring, reduced dividend payments and share buybacks and cost cutting.

The Company's €72m loan was repaid in July 2022. In September 2022, the Company's £150m unsecured revolving credit facility expired and was not renewed, the £50m drawn on that facility having been repaid in March 2022. As a result it does not have any revolving credit facilities in place and currently its gearing is provided entirely by a perpetual debenture and fixed rate senior unsecured loan notes, with various rates of interest and maturities. Should the Board wish to take out a short term

(1) See Glossary of Terms on page 118 for an explanation of adjusted portfolio value.

loan facility, based on past experience, it does not believe that it would have difficulty in obtaining such a facility.

Based on their assessment of the magnitude of the events that would cause the Company to fail to meet its liabilities as they fall due, and their knowledge and experience of the Company's portfolio and stock markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 December 2022. See also note 25 to the Accounts.

LONG-TERM VIABILITY

The Directors carried out scenario testing in order to consider the Company's long-term viability over a period of ten years to 31 December 2032. The tests commenced with a base case scenario that covered a range of assumptions to which sensitivity analysis was then applied in order to assess the impact of more extreme scenarios. A key assumption in each scenario included no change to the Company's dividend policy.

The worst case scenario tested by the Directors addressed the potential impact of falls of 40% in the value of the listed investments; 35% for the private equity investments; 20% in income; and adverse exchange rate movements of 20% all occurring in 2023 with further significant falls compounding the impact in the short term and less volatile listed equity market movements thereafter. The fall in value of investments may occur for a variety of reasons, including climate change. Under this scenario the early payment of the private equity commitments would increase the proportion of that portfolio as a percentage of the total value of the investments as a whole. All loans were assumed to have been repaid at the beginning of the year. Private equity valuations were assumed to make a modest recovery in later years, while exchange rate movements would fluctuate from year to year.

The results from the worst-case scenario showed that under such highly adverse conditions the net assets would fall to no lower than £1.4 billion and would be back to around the £2.1 billion level by 31 December 2032. Dividend payments to shareholders could continue to be paid through the support of Capital Reserves.

Under a scenario based on the movements in income, inflation and valuations over the ten-year period that followed the financial crisis of 2008, net assets would rise to £8.9 billion at 31 December 2032.

The assumptions used for these tests purposefully did not take into account that under such severe conditions the Board and Manager would have taken action to mitigate

RESILIENT, RESPONSIBLE AND PROSPEROUS FOR OVER 150 YEARS

- We have set a target to transition our portfolio to net zero carbon emissions by 2050, at the latest.
- We have a strong record of taking advantage of investment opportunities that arise from market shocks and volatility.
- We have substantial headroom under our loan covenants which is rigidly monitored.
- We have a long-term investment strategy under which we invest mainly in readily realisable, publicly listed securities and which restricts the level of borrowings.
- We are able to take advantage of our closed-end investment trust structure to deliver on our objective over the long-term and have secured borrowings with terms well in excess of ten years at historically low interest rates.
- Our business model and strategy are not time limited and, as a global investment trust, we are unlikely to be adversely impacted materially as a direct result of geo-political events over the longer-term.
- We can hold a proportion of our long-term less liquid private equity investments over very many years without pressure to realise them ahead of time.
- Our revenue and expenditure forecasts are subject to regular and robust review throughout the year against a backdrop of large revenue and capital reserves.
- We retain title to all assets held by the Custodian which are subject to further safeguards imposed on the Depositary.

the risks and offset the impact. Furthermore, the tests were a theoretical and illustrative scenario exercise, the assumptions for which are extreme and highly unlikely. Their purpose was to help inform the Directors of the Company's resilience under conditions so severe that they would impact global economies, markets, companies and businesses alike. The tests help to support the Board's assessment of the Company's long-term viability. The results do not represent its views or give an indication of the likely outcome.

Having considered its current position and the principal and emerging risks that the Company faces and having applied stress tests under worst-case scenarios that would severely impact global economies and markets alike, the Board confirms that it has assessed the Company's prospects, to the extent that it is able to do so, over the next ten years.

In concluding that ten years is an appropriate period for this assessment, the Board considers that this approximates to a suitable period over which its longer-term investment performance is measurable and comparable; the periods over which it would typically commit to and benefit from its private equity investments; and the tenure of the Directors from a corporate governance perspective.

The Board also took into consideration the long-term duration of the Company's debt, the perceived viability of the Company's principal service providers, the potential effects of expected regulatory changes and the potential threat from competition. The Company's business model, strategy and the embedded characteristics have helped define and maintain its stability over many decades. The Board expects this to continue over many more years to come.

The Directors confirm therefore, that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities in full over the coming ten years to 31 December 2032.

On behalf of the Board
Beatrice Hollond
Chairman
8 March 2023

BOARD OF DIRECTORS

BEATRICE HOLLOND[2]
Chairman Appointed to the Board on 1 September 2017 and as Chairman of the Board and the Management Engagement Committee on 1 January 2020. She was appointed Chairman of the Nomination Committee on 1 September 2019.
Experience and contribution: Beatrice brings to the Board investment knowledge and expertise in regard to both equities and global fixed income. She also brings leadership skills from her time as a Managing Director of Credit Suisse Asset Management, LLC where she spent 16 years in global fixed income. Beatrice was a non-executive director of Templeton Emerging Markets Investment Trust PLC until 2022.
Other listed appointments: Beatrice is a non-executive director at Telecom Plus PLC, where she is Senior Independent Director.

FRANCESCA ECSERY[2]
Appointed to the Board on 1 August 2013.
Experience and contribution:
Francesca brings special expertise in omnichannel consumer marketing, branding and commercial strategies and provides guidance for the effective promotion of the Company's investment proposition and access to its shares. She previously held the role of Global Business Development Director at Cheapflights Media and held senior executive roles with STA travel, the Thomas Cook Group and Thorn EMI plc. Francesca was previously a non-executive director of Marshall Motors Holding plc.
Other listed appointments: Francesca is a non-executive director of Henderson High Income Trust plc.

TOM JOY[2]
Appointed to the Board on 1 January 2021.
Experience and contribution:
Tom has extensive investment knowledge, expertise and experience in global equity markets. He is Chief Investment Officer of the Church Commissioners for England which is responsible for managing the endowment portfolio of the Church of England. He began his career at Royal Sun Alliance Investment Management and later joined Schroders holding a variety of different roles ultimately becoming Head of Investment – Multi-Manager. He then joined RMB Asset Management where he was Chief Investment Officer until his appointment at the Church Commissioners for England in October 2009.
Other listed appointments: None

EDWARD KNAPP[1]
Appointed to the Board on 25 July 2016.
Experience and contribution:
Edward brings a combination of investment, operational and general management experience worldwide, with expertise in the digital transformation of large-scale organisations, portfolio management, risk, strategy and technology. Edward was previously a Managing Director and Global Head of Business Management within the Technology function at HSBC, and prior to that he was a Chief Operating Officer at Barclays Bank. Until 2012 he was at McKinsey & Company, providing board and advisory services to clients worldwide, focusing on financial services, strategy, risk management and technology. His wide ranging advisory experience includes being a former senior advisor to Revolut Limited.
Other listed appointments: Edward is Chairman of the Board Risk and Compliance Committee of Mattioli Woods PLC, where he serves as a non-executive director.

RAIN NEWTON-SMITH(2)
Appointed to the Board on 11 May 2021.
Experience and contribution:
Rain has considerable economic and political insight as well as expertise in sustainability, governance on reducing carbon emissions and in developing environmental, social and governance ('ESG') reporting. She recently joined Barclays as Managing Director, Sustainability & ESG Strategy and Policy. Rain was formerly Chief Economist at the Confederation of British Industry, where she provided business leaders with advice on the UK economic outlook and global risks. Prior to that, Rain was Head of Emerging Markets at Oxford Economics, where she was the lead expert on China and a research advisor to the Bank of England's Monetary Policy Committee.
Other listed appointments: None

QUINTIN PRICE(1)
Senior Independent Director
Appointed to the Board on 10 March 2020.
Experience and contribution:
Quintin brings investment banking and investment management knowledge and expertise to the Board from a 30 year career working at a senior level for a number of leading companies. From 2005 to 2015 he was at BlackRock where he was Global Head of Alpha Strategies and a member of the Global Executive Committee.
Other listed appointments: Quintin is a non-executive director of Liontrust plc.

STEPHEN RUSSELL(1)
Appointed to the Board on 1 February 2022.
Experience and contribution:
Stephen brings the highest level of investment skills and knowledge to the Board. He is Investment Director and a member of the multi asset investment committee at Ruffer LLP, where he helps direct its investment strategy. He joined Ruffer in 2003 and has managed its flagship pooled funds and developed its institutional pension fund offering into one of the largest multi asset/absolute return fund managers in the UK. Stephen previously managed segregated pension funds at Sun Life of Canada and advised pension fund managers as a strategist at HSBC.
Other listed appointments: None.

JULIE TANKARD(1)
Chairman of the Audit Committee
Appointed to the Board and as Chairman of the Audit Committee on 1 August 2022.
Experience and contribution:
A fellow of the Chartered Institute of Management Accountants, Julie has a strong financial background. She is the Chief Financial Officer and a Board member of the Port of London where, as well as finance, she is responsible for risk, procurement, legal and information technology. Julie previously chaired the audit committee of Leeds & York NHS Foundation Trust, prior to which she held various senior positions at BT plc.
Other listed appointments: None.

(1) Member of the Audit Committee
(2) Member of the Nomination Committee
All the Directors are members of the Management Engagement Committee. No Director has a shared directorship elsewhere with other Directors.

DIRECTORS' REPORT

The Directors submit the Annual Report and Accounts of the Company for the year ended 31 December 2022. The Corporate Governance statement, Directors' biographies, the Reports of the Management Engagement, Nomination and Audit Committees and the Remuneration Report all form part of this Directors' Report.

STATEMENT REGARDING ANNUAL REPORT AND ACCOUNTS

The Directors consider that, following advice from the Audit Committee, the Annual Report and Accounts of the Company for the year ended 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee reviewed the draft Annual Report and Accounts for the purpose of this assessment having also put in place, as explained on page 63, an independent process to provide additional comfort to the Directors in making this statement. The Chairman's Outlook for the Company can be found on page 7. The Board's assessment of the Company's Principal and Emerging Risks can be found on pages 40 to 42 with further information in note 26 to the Accounts. The Directors have evaluated the period since the financial year end and have not identified any subsequent events to be disclosed. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached Accounts. The three interim dividends totalling 9.6 pence per share, together with the final dividend of 3.9 pence per share, which will be paid on 11 May 2023 to shareholders registered on 11 April 2023 subject to approval at the forthcoming AGM (**Resolution 4**), will bring the total dividend for the year to 13.5 pence per share. This represents an increase of 5.5% over the comparable 12.8 pence per share paid in respect of the previous year.

COMPANY STATUS

The Company is a public limited company and an investment company as defined by section 833 of the Act. The Company is registered in England and Wales with company registration number 12901 and is subject to the FCA Listing Rules, Disclosure Guidance and Transparency Rules (**'DTRs'**) and other applicable legislation and regulations including company law, financial reporting standards, taxation law and its own Articles of Association.

TAXATION

As set out on page 37 and in note 7 to the Accounts, the Company is exempt from UK Corporation Tax on its worldwide dividend income and from UK Corporation Tax on any capital gains arising from the portfolio of investments, provided it complies at all times with Section 1158 of the Corporation Tax Act 2010. Dividends received from investee companies domiciled outside the UK are subject to taxation in those countries in accordance with relevant double taxation treaties.

PREVENTION OF THE FACILITATION OF TAX EVASION

The Board is committed to compliance with the Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

ACCOUNTING

The Financial Statements, starting on page 78, comply with current UK Financial Reporting Standards (**FRS**) 102, supplemented by the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (**'SORP'**) published by the Association of Investment Companies (**'AIC'**). The significant accounting policies of the Company are set out in note 2 to the Accounts. The unqualified auditors' opinion on the Financial Statements appears on page 70. Shareholders will be asked to approve the adoption of the Annual Report and Accounts at the forthcoming AGM (**Resolution 1**).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

Each Director confirms that, to the best of their knowledge and belief, there is no information relevant to the preparation of the Annual Report and Accounts of which Ernst & Young LLP (**'EY'** or the **'auditors'**) is unaware and that they have taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that EY is aware of that information.

REAPPOINTMENT OF AUDITORS

EY have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their reappointment and authorising the Audit Committee to determine their remuneration for the ensuing year will be put to shareholders at the AGM (**Resolutions 12 and 13**). Further information in relation to their reappointment can be found on page 63.

CAPITAL STRUCTURE

As at 31 December 2022 there were 561,819,016 ordinary shares of 25 pence each (**'ordinary shares'**) in issue, of which 43,407,160 were held in treasury. Therefore, the total number of voting rights in the Company at that date was 518,411,856. As at 6 March 2023 (being the latest practicable date before publication of this report) the number of shares in issue remained as 561,819,016 and the number held in treasury was unchanged.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in note 17 to the Accounts. The revenue profits of the Company (including accumulated Revenue Reserve), together with the realised capital profits of the Company, are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares. Full details are set out in the Company's Articles of Association.

The Company may only adopt new Articles of Association by special resolution passed by shareholders at a general meeting.

BUYBACK AND ISSUE OF SHARES

At the annual general meeting held on 3 May 2022, shareholders renewed the Board's authority to purchase up to 14.99% of its own issued ordinary shares, (excluding any shares held in treasury) at a discount to NAV per share. The shares bought back can either be cancelled or held in treasury, to be re-issued as and when the share price is at a premium to the NAV per share. Shareholders also authorised the Board to issue new ordinary shares or sell shares from treasury up to 5% of the number then in issue.

A total of 8,371,284 ordinary shares were bought back during the year, all of which were placed in treasury. The shares bought back represented 1.6% of the shares in issue (calculated exclusive of any shares held in treasury) as at 31 December 2021. The purchases were made at prices ranging between 775.6 pence and 926.7 pence and the aggregate consideration paid for the shares, including stamp duty and commissions, was £70.7m. No further ordinary shares have been bought back into treasury between 31 December 2022 and ● March 2023.

VOTING RIGHTS AND PROPORTIONAL VOTING

At 6 March 2023 the Company's 561,819,016 ordinary shares in issue less the 43,407,160 shares held in treasury represented a total of 518,411,856 voting rights. As at 31 December 2022 and since that date no notifications of significant voting rights have been received under the DTRs.

Approximately 44% of the Company's share capital is held on behalf of non-discretionary clients through the Columbia Threadneedle savings plans. For those planholders who do not return their voting directions for the forthcoming AGM, the nominee company will vote their shares in proportion to those who do (**'proportional voting'**). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in these plans being voted. A maximum limit of 570,000 shares that any one individual investor can vote, being approximately 5% of the minimum threshold, also applies. Any shares voted by an investor in excess of the maximum limit remain valid, but do not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

BORROWINGS

The Company has issued various fixed rate senior unsecured private placement notes (the **'Notes'**). The Company also has a perpetual debenture stock. At present it does not have any revolving credit facilities. Further information is given on pages 14 and 15 and in notes 13, 15 and 16 to the Accounts.

REMUNERATION REPORT

At the annual general meeting held on 7 May 2020, shareholders approved the Directors' remuneration policy. It is a requirement that shareholder approval is sought at least every three years and therefore shareholders will be asked to approve the Directors' remuneration policy at the forthcoming AGM (**Resolution 2**). The Directors' Remuneration Report, which includes the policy and can be found on pages 65 to 68, provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders will be asked to approve the Directors' Remuneration Report at the AGM (**Resolution 3**).

APPOINTMENTS TO THE BOARD

Under the Articles of Association of the Company, the number of Directors on the Board may be no less than three and no more than fifteen. Directors may be appointed by the Company by ordinary resolution or by the Board. All Directors so appointed are subject to re-election by shareholders at the next annual general meeting. An induction process is in place for new appointees and all Directors are encouraged to attend relevant training courses and seminars.

REMOVAL OF DIRECTORS

The Company may by special resolution remove any Director and may by ordinary resolution appoint another person who is willing to act to be a Director in their place. The provisions under which a Director would automatically cease to be a Director are set out in the Company's Articles of Association.

CONTRIBUTION AND INDEPENDENCE OF DIRECTORS

The Board is composed solely of independent non-executive Directors. The Nomination Committee has considered each Director's performance and the Board has concurred with its assessment that each Director continues to make a valuable and effective contribution and remains committed in their role. Furthermore, no Director has a past or current connection with the Manager and each remains independent in character and judgement with no relationships or circumstances relating to the Company that are likely to affect their judgement. The Board has therefore concurred with the Nomination Committee's assessment that all the Directors are independent of the Manager and of the Company itself. For these reasons and those set out on page 58, the tenure of Francesca Ecsery, who has served on the Board for nine years, is not considered to compromise her independence. However, she will retire at the conclusion of the forthcoming AGM.

The table overleaf sets out the Directors' meeting attendance record in 2022. The Board also held a separate meeting in September 2022 to consider strategic issues.

DIRECTOR RE-ELECTIONS

The biographies of the Directors are set out on pages 45 and 46 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are also set out there. Jeffrey Hewitt retired from the Board on 3 May 2022. With the exception of Stephen Russell and Julie Tankard, who were appointed on 1 February 2022 and 1 August 2022 respectively, all of the other Directors held office throughout the year under review. All Directors will stand for re-election by shareholders at the forthcoming AGM in accordance with the Company's Articles of Association, with the exception of Francesca Ecsery, who will retire from the Board at the conclusion of the meeting (**Resolutions 5 to 11**).

DIRECTORS' INTERESTS AND INDEMNIFICATION

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This deed of indemnity is a qualifying third-party provision (as defined by section 234 of the Act) and has been in force throughout the year under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and at the AGM. The Company also maintains directors' and officers' liability insurance.

CONFLICTS OF INTEREST

A company director has a statutory obligation to avoid a situation in which they have, or potentially could have, a direct or indirect interest that conflicts with the interests of the company of which they are a director (a **'situational conflict'**). The Board therefore has procedures in place for the authorisation and review of potential conflicts relating to the Directors. Limits can be imposed as appropriate.

Other than the formal authorisation of the Directors' other directorships, no authorisations have been sought. Those authorisations were reviewed in January 2023. Aside from situational conflicts, the Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Directors' attendance in 2022

	Board	Audit Committee	Nomination Committee	Management Engagement Committee
No. of meetings	**7**	**3**	**3**	**1**
Beatrice Hollond[(1)]	7	3	3	1
Francesca Ecsery	7	n/a	3	1
Jeffrey Hewitt[(2)]	3	1	n/a	1
Tom Joy	7	n/a	3	1
Edward Knapp	7	3	n/a	1
Quintin Price	7	3	n/a	1
Rain Newton-Smith[(3)]	7	n/a	2	1
Stephen Russell	7	3	n/a	1
Julie Tankard[(4)]	2	1	n/a	n/a

(1) Attended but was not a member of the Audit Committee.
(2) Retired from the Board on 3 May 2022.
(3) Appointed to the Nomination Committee on 8 February 2022.
(4) Appointed to the Board on 1 August 2022. Mrs Tankard was absent from one Board meeting as a result of a prior commitment which was notified to the Chairman before her appointment.

SAFE CUSTODY OF ASSETS

The Company's listed investments are held in safe custody by JPMorgan Chase Bank (the **'Custodian'**). Operational matters with the Custodian are carried out on the Company's behalf by Columbia Threadneedle in accordance with the provisions of the investment management agreement. The Custodian is paid a variable fee dependent on the volume of transactions and the value and location of the securities held.

DEPOSITARY

JPMorgan Europe Limited (the **'Depositary'**) acts as the Company's Depositary in accordance with the Alternative Investment Fund Managers Directive (**'AIFMD'**). The Depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include: cash monitoring; ensuring the proper segregation and safe keeping of the Company's financial instruments that are held by the Custodian; and monitoring the Company's compliance with investment and leverage limits requirements. The Depositary receives for its services a fee of one basis point per annum on the first £1 billion of the Company's net assets and 0.25 basis points per annum on net assets in excess of that amount, payable monthly in arrears.

Although the Depositary has delegated to the Custodian the safekeeping of all assets held within the Company's investment portfolio, in the event of loss of those assets that constitute financial instruments under the AIFMD, the Depositary will be obliged to return to the Company financial instruments of an identical type, or the corresponding amount of money, unless it can demonstrate that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

MANAGEMENT FEES

Information on the management fees payable by the Company is set out in the Report of the Management Engagement Committee on page 56.

AGM

The Company's AGM will be held at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Thursday 27 April 2023 at 12.00 noon. The Notice of Meeting is set out on pages 107 to 111 and includes a map of the venue location. The Fund Manager will give a presentation at the meeting and there will be an opportunity to ask questions. If you are unable to attend the AGM, you are requested to submit any questions you may have with regard to the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to the following email address:

fcitagm@columbiathreadneedle.com. The Fund Manager's presentation will be available to view on the Company's website, www.fandc.com, following the meeting.

The AGM this year will be a "hybrid" meeting, with shareholders being able to attend the meeting in person or online. For shareholders choosing to view the AGM online, they will be able to participate by asking questions and voting. Details of how to do so are given in the letter that accompanies your Form of Proxy or Form of Direction. Voting on all resolutions will be conducted by way of a poll. You are therefore requested to lodge your votes either through the online portal or by completing and returning your Form of Proxy or Form of Direction in accordance with the guidance set out below. The results of each poll will be announced via a regulatory announcement and posted on the Company's website at fandc.com after the meeting.

AUTHORITY TO ALLOT SHARES AND SELL SHARES FROM TREASURY (RESOLUTIONS 14 AND 15)

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury, without first offering them to existing shareholders in proportion to their holdings.

Resolution 14 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £12,960,296 (51,841,184 ordinary shares), being equivalent to approximately 10% of the Company's issued share capital (calculated exclusive of any shares held by the Company in treasury) as at 6 March 2023, being the latest practicable date before the publication of the notice of the AGM.

Resolution 15 empowers the Directors to allot such securities for cash, other than to existing shareholders on a pro rata basis and also to sell treasury shares without first offering them to existing shareholders in proportion to their holdings, up to an aggregate nominal amount of £12,960,296 (representing approximately 10% of the issued ordinary share capital of the Company at 6 March 2023, calculated exclusive of the shares held in treasury).

These authorities provide the Directors with a degree of flexibility to increase the assets of the Company by issuing new shares or re-issuing shares from treasury, in accordance with the policies set out on page 36 or should any other favourable opportunities arise to the advantage of shareholders. The Directors expect that they will use the authorities mainly to satisfy demand from participants in the Columbia Threadneedle savings plans when they believe it is advantageous to such participants and the Company's shareholders to do so. Under no circumstances would the Directors issue shares or re-issue treasury shares at a price which would result in a dilution of the NAV per ordinary share.

AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (RESOLUTION 16)

At the annual general meeting held in 2022 the Company was authorised to purchase approximately 14.99% of its own shares for cancellation or to be held in treasury. The number of shares remaining under that authority as at 31 December 2022 was 74,234,188 shares or 14.32% of the issued share capital, exclusive of the number of shares held in treasury. **Resolution 16** will authorise the renewal of such authority, enabling the Company to purchase in the market up to a maximum of 77,709,000 ordinary shares (equivalent to approximately 14.99% of the issued share capital, exclusive of treasury shares) and sets out the minimum and maximum prices at which they may be bought exclusive of expenses, reflecting requirements of the Act and the Listing Rules.

The Directors will continue to use this authority in accordance with its share buyback policy. Under the Act, the Company is allowed to hold its own shares in treasury following a buyback, instead of cancelling them. This gives the Company the ability to reissue shares from treasury quickly and cost-effectively (including pursuant to the authority under Resolution 15, see above) and provides the Company with additional flexibility in the management of its capital base. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are held in treasury. Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from borrowings. The Board intends to seek a renewal of such authority at subsequent annual general meetings.

FORM OF PROXY FOR AGM VOTING

If you are a registered shareholder you will have received a Form of Proxy for use at the AGM. You will also have the option of lodging your proxy vote using the Internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the Form of Proxy in the envelope provided as soon as possible in accordance with the instructions or, alternatively, lodge your proxy vote via the Internet or the CREST proxy voting system, whether or not you intend to be present at the AGM.

All proxy appointments should in any event be returned or lodged so as to be received not later than 12.00 noon on Tuesday 25 April 2023.

FORM OF DIRECTION

If you are an investor in any of the Columbia Threadneedle savings plans, you will have received a Form of Direction for use at the AGM and you will also have the option of lodging your voting directions using the Internet.

All voting directions should be made as soon as possible in accordance with the instructions on the Form of Direction and, in any event, not later than 12.00 noon on Thursday 20 April 2023, so that the nominee company can submit a Form of Proxy within the required period.

VOTING RECOMMENDATION

The Board considers that the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole. It therefore recommends that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary
8 March 2023

CORPORATE GOVERNANCE REPORT

On pages 45 and 46 are brief biographies of the Directors responsible for the governance of the Company. The Company invests in a wide range of companies and, as a Board, we believe that good governance creates value and expect the companies in which we invest to apply high standards. In maintaining the confidence and trust of our own investors, we set out to adhere to the very highest standards of corporate governance, business and ethics transparency. We remain committed to doing so.

GOVERNANCE OVERVIEW

The Board has established an Audit Committee, Management Engagement Committee and Nomination Committee. The roles and responsibilities of those committees are set out in their respective reports, which follow. As the Board has no executive directors and no employees and is composed solely of non-executives, it does not have a Remuneration Committee. Detailed information on the remuneration arrangements for the Company's Directors can be found in the Remuneration Report on pages 65 to 68 and in note 5 to the Accounts.

The Company has appointed the Manager to manage the investment portfolios as well as to carry out the day to day management and administrative functions. An explanation of the reporting arrangements from the Manager is set out in the Strategic Report on page 33 and in the Report of the Audit Committee in respect of risk management and internal control on pages 60 to 61. Explanations regarding the Board's appointment of the Manager, including reference to the strength and depth of its resources, measurement of performance and alignment with the values of the Board can be found on page 30.

The Board has direct access to the company secretarial advice and services of the Manager which, through the Company Secretary, is responsible for ensuring that Board and committee procedures are followed and applicable laws and regulations are complied with. The proceedings at all Board and committee meetings are fully recorded through a process that allows any Director's concerns to be recorded by the Company Secretary in the minutes. The Board has the power to appoint or remove the Company Secretary in accordance with the terms of the investment management agreement.

COMPOSITION OF THE COMMITTEES

Committee membership is noted in each Director's biography on pages 45 and 46, while the respective terms of reference can be found on the Company's website at fandc.com. Further detail is given on the composition of the Audit Committee on page 60.

COMPLIANCE

The Board is committed to high standards of corporate governance. It has considered the principles and provisions of the AIC Code of Corporate Governance published in 2019 (the **'AIC Code'**), which addresses the principles and provisions set out in the UK Corporate Governance Code (the **'UK Code'**) published in 2018, as they apply to investment trust companies. It considers that reporting against the AIC Code, therefore, provides more appropriate information to the Company's shareholders. The Board confirms that the Company has complied with the principles and provisions of the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following:

- the role of the executive directors and senior management;
- executive directors' and senior management remuneration; and
- the workforce

The need for an internal audit function is addressed on page 61.

None of the Directors standing for re-election at the forthcoming AGM has served in excess of nine years. We explain our tenure policy on page 58.

Copies of the AIC Code and UK Code and can be found on the following websites: www.theaic.co.uk and www.frc.org.uk.

BOARD LEADERSHIP

The Board, led by the Chairman, is responsible for the effective stewardship of the Company's affairs and has in place a schedule of matters that is reserved for its decision, which are reviewed annually. These are categorised and reviewed under strategy, policy, finance, risk, investment restrictions, performance, marketing, appointments, the Board and public documents. It has responsibility for all corporate strategic issues, principal policies and corporate governance matters, which are all reviewed regularly.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objectives and is responsible for setting investment and gearing limits within which the Fund Manager has discretion to act and thus supervises the management of the investment portfolio which is contractually delegated to the Manager. The Board has the right of veto over the appointment of sub-managers recommended by the Fund Manager. It has responsibility for the approval of all investments in in-house funds managed or advised by the Manager and any unlisted investments with the exception of new private equity investments, responsibility for which has been delegated to the Manager.

DIVISION OF BOARD RESPONSIBILITIES

As an externally managed investment company, there are no executive directors; all the Directors are non-executive. The Chairman is responsible for the leadership and management of the Board and promotes a culture of openness, challenge and debate. The Chairman sets the agenda for all Board meetings under a regular programme of items in conjunction with the Company Secretary. Building on the strong working relationship with the Manager, the Fund Manager and other management company personnel attend the meetings throughout the year and report to the Board. Discussions at all levels are held in a constructive and supportive manner with appropriate challenge and strategic guidance and advice from the Board whenever necessary consistent with the culture and values.

Quintin Price is the Board's Senior Independent Director. He acts as an experienced sounding board for the Chairman and an intermediary for other Directors and shareholders and he leads the annual evaluation of the Chairman.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such advice was taken during 2022.

BOARD SUCCESSION

The Report of the Nomination Committee sets out on page 58 the process undertaken in respect of the appointment of Julie Tankard. Julie was appointed following Jeffrey Hewitt's retirement at the conclusion of the 2022 AGM. As reported on page 46, Julie is the Chief Financial Officer and a Board member of the Port of London where, as well as finance, she is responsible for risk, procurement, legal and information technology. Julie's appointment ensures that we retain the highest level of financial expertise. The succession plan is now focused on replacing Francesca Ecsery, who will retire from the Board at the conclusion of the 2023 AGM.

BOARD EVALUATION AND EFFECTIVENESS

The 2022 annual evaluation of the Board, its committees and the individual Directors was carried out by an independent third party, Board Level Partners ('BLP'). BLP has no other connection with the Company or any of the Directors.

The process included confidential unattributable one-to-one interviews between the external evaluator and each Director, key members of the Columbia Threadneedle investment trust team and fund manager Paul Niven. After attending a board and two committee meetings as silent observers and reviewing past board papers, the BLP evaluators discussed the findings of the external evaluation with the Chairman and delivered a comprehensive report of their findings to the Board. As part of the external review, BLP conducted an appraisal of the Chairman and delivered its findings to the Senior Independent Director.

Progress in achieving the priorities and critical success factors identified and considered in previous annual board appraisals were reviewed as part of the external review. Despite significant disruption caused by Covid-19, the Board successfully implemented a major Board refreshment, including the appointment of a new Audit Committee Chairman, and embarked on a rebranding exercise to ensure that the Company remains relevant for new and existing investors. It also announced plans to ensure the Company achieves its commitment to transition the investment portfolio to net zero carbon emissions by 2050, at the latest. The Board restructured bank borrowings and, after constructive discussions with its Manager, reduced management fee rates.

The external review did not highlight any material weaknesses or concerns, but it did identify some areas for focus in 2023 and beyond. These include continued Board refreshment to address the planned departure of long-serving Directors; the need for ongoing training for Directors; ongoing monitoring of the Company's rebranding exercise and marketing, investor relations and distribution activities and continued work on the Board's relationship with Columbia Threadneedle.

The appraisal concluded that the Board oversees the management of the Company effectively and has the skills and expertise necessary to safeguard stakeholders' interests. All Directors demonstrate commitment to their roles and, drawing on diverse but complementary skills and experience (see Directors' biographies, pages 45 and 46), provide constructive challenge to the Fund Manager. All Directors provide valuable contributions to the deliberations of the Board commensurate with their experience and responsibilities, so contributing to the Company's long-term success.

The activities of the Nomination, Management Engagement and Audit Committees were considered as part of the board appraisal process. The conclusion from this process was that the Committees continued to operate effectively, with the right balance of membership, experience and skills.

AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

The Board has a well established and effective Audit Committee, whose report is set out on pages 59 to 64. The report includes an explanation of the assessment of the Company's going concern status and how the Board oversees the risk management and internal control framework and the procedures under which risk is managed. The Company also considers the Company's long-term viability and the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives as well as identifying emerging risks. The rationale for the Company not having established its own internal audit function is explained on page 61, while further information on the Company's risk management and internal control framework can be found on pages 60 to 61.

The report of the Audit Committee provides an overview of how the Board satisfies itself on the integrity of financial statements and how the independence and effectiveness of the external auditor is assessed. An explanation is also given on the process under which the Board satisfied itself that the Annual Report and Accounts, taken as a whole, presents a fair, balanced and understandable assessment of the Company's position and prospects.

RELATIONS WITH SHAREHOLDERS AND STAKEHOLDERS

Information on the Company's engagement with its key stakeholders is set out on pages 33 and 34.

REMUNERATION

The Directors' remuneration policy is explained on page 65. As non-executive Directors, fees are set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the contribution towards the delivery of the investment objective. While there are no executive directors and no employees, shareholders should expect that the fees paid to the Manager are aligned with the Company's purpose, values and the successful delivery of its long-term strategy. This is achieved by charging the management fee on the Company's market capitalisation, on a tiered basis. This assists in bringing down the Company's cost ratio as it grows, with the benefits of scale being passed on to shareholders.

By order of the Board
Columbia Threadneedle Investment Business Limited
Company Secretary
8 March 2023

REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE

ROLE OF THE COMMITTEE

The primary role of the Management Engagement Committee is to review the investment management agreement and monitor the performance of the Manager for the investment, company secretarial, financial, administration, marketing and support services that it provides under that agreement. It also reviews the terms of the agreement, including the level and structure of fees payable, the length of notice period and best practice provisions generally. All of the Committee's responsibilities have been carried out over the course of 2022 and 2023 to date.

MANAGER EVALUATION PROCESS

The Committee met once during the year and again in January 2023 for the purpose of the formal evaluation of all aspects of the Manager's performance. Its performance is considered by the Board at every meeting, with a formal evaluation by the Committee each year. For the purposes of its ongoing monitoring, the Board receives detailed reports and views from the Fund Manager on investment policy, asset allocation, stock selection, gearing and risk, together with quarterly presentations on the Columbia Threadneedle managed portfolio strategies. Quarterly updates are received from the US sub-managers. The Board receives comprehensive performance data from the Manager and also from Morningstar UK Limited and Refinitiv Eikon, which are leading data suppliers. These enable it to assess: the success or failure of the management of the total portfolio against the performance objectives set by the Board; the sources of positive and negative contribution to portfolio returns in terms of asset allocation, sector and stock selection and gearing; and the performance of each investment portfolio against its local index, where applicable, and the risk/return characteristics. Portfolio performance information, which is relevant in monitoring the Manager, the sub-managers and the Private Equity funds of funds managers, is set out on pages 8 to 15.

MANAGER REAPPOINTMENT

The annual evaluation that took place in January 2023 included presentations from the Fund Manager and the Manager's Head of Investment Trusts. This focused primarily on the objectives set by the Board and the Manager's contribution towards achieving those objectives particularly with regard to investment strategy and marketing. As part of the evaluation, the Fund Manager and the Manager's Head of Investment Trusts reported on progress of the integration of the business of Columbia Threadneedle with that of BMO GAM. They also presented to the Board on the strength of its current business, the resources and opportunities of the enlarged business and its continued support for the investment trust business. With regard to performance, the Company's share price and net asset value total returns have comfortably outperformed the benchmark over both five and ten years to 31 December 2022, meeting the Company's objective of delivering long-term growth in capital and income. The Committee met in closed session following the presentations and concluded that, in its opinion, the continuing appointment of the Manager on the terms agreed was in the interests of shareholders as a whole. The Board ratified this recommendation.

THE MANAGER'S FEE

An important responsibility of the Committee is the regular review of the Manager's fee. The management fee is reviewed by the Committee every three years and was last reviewed in December 2021. With effect from 1 January 2022 the fee was reduced to a rate of 0.325% per annum of the market capitalisation of the Company up to £3.0 billion, then 0.30% between £3.0 and £4.0 billion and 0.25% above £4.0 billion. With effect from 1 January 2023 there has been a further reduction, to a rate of 0.30% up to a revised first tier of £4.0 billion and 0.25% thereafter. The fee is calculated and paid monthly in arrears and is subject to a reimbursement for amounts earned from investments in other investment vehicles managed by the Manager. As part of the current fee arrangement, the Manager makes an annual contribution to the Company's budget for marketing activities in each of the three years to and including 2024. The next review of the management fee is scheduled for February 2025.

In the year under review, the amount paid was £14.1m, a decrease of 4.7% from £14.8m paid in 2021, reflecting the reduction in the fee rate and the lower average market capitalisation of the Company over the year. Note 4 to the Accounts provides detailed information in relation to the management fee.

During the year, the Manager delegated the management of the US portfolios to T. Rowe Price International and Barrow, Hanley, Mewhinney & Strauss for which it incurs fees. The Company reimburses the Manager for these fees, which in 2022 amounted to £4.2m (2021: £5.0m) (see note 4 to the Accounts). Subsequent to the year end, the Manager has divested from T. Rowe Price International and appointed

JPMorgan Asset Management as a new US portfolio manager.

PRIVATE EQUITY MANAGEMENT FEES

No additional fees (beyond the annual fee detailed above) are paid to the Manager for any future commitments made to Private Equity that fall within its remit. The Manager and certain individuals employed by the Manager are, however, entitled to participate in a performance fee arrangement in the form of carried interest over secondary or co-investments made within the Private Equity programme.

The fees paid to the Private Equity managers in respect of the Private Equity funds amounted to £2.6m for 2022 (2021: £3.1m) (see note 4 to the Accounts) all of which were incurred indirectly through the funds. Some of the funds have arrangements whereby the Private Equity managers share in the profits once certain “hurdle” rates of return to investors have been achieved. These arrangements are varied and complex, but are on normal commercial terms within the Private Equity funds of funds industry. Fees payable by the underlying funds are negotiated by each manager. The arrangements also vary from fund to fund, but management fees of 2% per annum and a 20% carried interest, once an agreed hurdle rate of return for investors has been achieved, are normal.

PE Investment Holdings 2018 LP pays an annual fee of £1,000 to the General Partner. This is not directly incurred by the Company but is reflected in the underlying value of the investment. The investment in Inflexion Strategic Partners is a direct investment in that business and therefore no fees are incurred in relation to it.

USE OF THE “F&C” NAME

The Company was previously named Foreign & Colonial Investment Trust PLC and continues to own the name “Foreign & Colonial” while the Manager owns the name “F&C”. The terms under which the Company can use the “F&C” name are set out in a separate trade mark licence agreement with the Manager dated 1 March 2018. The licence agreement is royalty free subject to there being no material change to the Company’s management arrangements with the Manager within the next 10 years.

COMMITTEE EVALUATION

The activities of the Management Engagement Committee, which comprises all Directors, were considered as part of the externally facilitated Board evaluation process completed in accordance with standard governance arrangements as summarised on page 54. The evaluation found that the Committee functioned well, with an appropriate balance of membership, skills and experience, so contributing to the Company's long-term success.

Beatrice Hollond
Chairman, Management Engagement Committee
8 March 2023

REPORT OF THE NOMINATION COMMITTEE

ROLE OF THE COMMITTEE

The primary role of the Nomination Committee is to review and make recommendations with regard to Board structure, size and composition, the balance of knowledge, experience, range of skills and diversity and to consider succession planning and tenure policy. All of the Committee's responsibilities have been carried out over the course of 2022 and 2023 to date. The Committee met on three occasions during 2022 and specifically considered, monitored and reviewed the following matters:

- the structure and size of the Board and its composition particularly in terms of succession planning and the experience and skills of the individual Directors and diversity across the Board as a whole;
- tenure policy;
- the criteria for future Board appointments and the methods of recruitment, selection and appointment;
- the selection and appointment of a new Director, Julie Tankard, and the reappointment of those Directors standing for re-election at annual general meetings;
- the need for any changes in membership of the committees;
- the attendance and time commitment of the Directors in fulfilling their duties, including the extent of their other directorships;
- each Director's independence;
- the authorisation of each Director's potential conflicts of interests in accordance with the provisions of the Act and the policy and procedures established by the Board in relation to those provisions; and
- the fees of the Directors for the financial year ahead with a recommendation to the Board.

DIVERSITY AND TENURE

The Board's diversity policy, objective and progress in achieving it are set out on pages 36 and 37. Director searches are undertaken in accordance with this objective and policy, with the recruitment process open to a diverse range of candidates.

The Board is also of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company or, indeed, its chairman. This is because continuity and experience can add significantly to the strength of investment trust company boards where the characteristics and relationships tend to differ from those of trading companies. Notwithstanding this, the Chairman and Directors are normally expected to serve for a nine-year term. This may be adjusted for reasons of flexibility in succession planning and to ensure continuity.

SUCCESSION PLANNING

The Committee has in place a succession plan for the Directors, with the emphasis on maintaining the highest level of skills, knowledge and experience on the Board. When recruiting a new Director to the Board, the Committee refers to a matrix that sets out the skills and experience and considers the remaining tenure of each of the Directors. This assists in identifying the desired attributes of the new Director and ensures that the Board continues to be composed of individuals with appropriate and complementary skills and experience and provides continuity.

Consideration of three search firms in February 2022 led to the appointment of Nurole Limited and the implementation of a recruitment and selection process for potential candidates. As a result of that process, Julie Tankard was appointed in August 2022 to succeed Jeffrey Hewitt who retired at the conclusion of the 2022 AGM. Consideration of three search firms in November 2022 led to the appointment of Sapphire Partners to recruit a successor to Francesca Ecsery, who will retire at the conclusion of the 2023 AGM. The appointment of Sapphire Partners reflected their strong track record of producing diverse candidate lists. It is expected that a new Director will be appointed shortly.

The services provided by Nurole Limited and Sapphire Partners have been for the sole purpose of recruiting the eventual appointees and there were no other business relationships in place with those firms, nor do they provide any other services to the Company. The final decision on appointing new Directors always rests with the Board.

COMMITTEE EVALUATION

The activities of the Nomination Committee were considered as part of the externally facilitated Board evaluation process completed in accordance with standard governance arrangements summarised on page 54. The evaluation found that the Committee functioned well, with the appropriate balance of membership, skills and experience, so contributing to the Company's long-term success.

Beatrice Hollond
Chairman, Nomination Committee
8 March 2023

REPORT OF THE AUDIT COMMITTEE

I am pleased to present to you the Report of the Audit Committee for the year ended 31 December 2022, my first as Chairman of the Committee.

ROLE OF THE COMMITTEE

The primary responsibilities of the Audit Committee are to ensure the integrity of the financial reporting and statements of the Company, to oversee the preparation and audit of the annual accounts, the preparation of the half year accounts and the risk management and internal control processes. The Committee met three times during the year with the Manager's Investment Trust Accountant, Head of Investment Trusts, Risk Managers and the Fund Manager in attendance. EY attended on two occasions and have met in private session with the Committee. The Board Chairman was invited to, and regularly attended, Committee meetings.

Specifically, the Committee considered, monitored and reviewed the following matters:

- The operational performance of the Manager and third-party service providers in terms of business continuity.
- The financial statements, including advice to the Board as to whether the annual report and accounts taken as a whole is fair, balanced and understandable;
- The accounting policies of the Company;
- A report setting out the review of going concern undertaken by the Manager and reviewed and assessed the basis and results of its associated reverse stress test;
- The principal and emerging risks faced by the Company and the effectiveness of the Company's system of risk management and internal control environment;
- The assumptions and results of the scenario testing of the long-term viability of the Company and the basis of the Long-Term Viability statement;
- How the Company has applied the principles and complied with the provisions of the AIC Code;
- The effectiveness of the external audit process and the current independence and objectivity of the auditor, EY;
- The appointment, remuneration and terms of engagement of EY;
- The policy on the engagement of the external auditor to supply non-audit services and approval of any such services;
- Whether to change the Company's current policy by establishing its own Internal Audit function;
- The implications of the acquisition of BMO GAM by Ameriprise Inc. in terms of the integration of the systems, risk management and internal control infrastructure with its existing asset management arm, Columbia Threadneedle Investments;
- The ISAE/AAF and SSAE16 reports or their equivalent from the Manager, the Custodian, Depositary, the Private Equity managers and the sub-managers and a due diligence report from the Company's Share Registrar;
- Bank counterparties;
- The Company's trademarks and intellectual property rights; and
- The Committee's terms of reference for approval by the Board.

Comprehensive papers relating to each of these matters were prepared for discussion. These were debated by the Committee and any recommendations were fully considered if there was a judgement to be applied in arriving at conclusions. Recommendations were then made to the Board as appropriate. With regard to the change of ownership of BMO GAM that took effect in November 2021, the Committee has received confirmation from the Manager that the existing systems and controls are unchanged and have continued to operate effectively throughout the year under review and thereafter without any material change to the date of this report. The integration of BMO GAM and Columbia Threadneedle is well advanced, but the Committee continues to monitor it closely from a risk management and internal control perspective.

The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information, as noted in the Statement of Directors' Responsibilities on page 69. On broader control policy issues, the Committee has reviewed, and is satisfied with, the Code of Conduct and the Anti-Bribery and Anti-Corruption Operating Directive to which the Manager's employees are subject. The Board is responsible for ensuring appropriate procedures and processes are in place to enable issues of concern to be raised. Mindful of this, the Committee has reviewed the Manager's Whistleblowing Policy, under which its directors and staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for communication by the Manager to this Committee where matters might impact the Company, with appropriate follow-up action. In 2022 there were no such concerns raised with the Committee and this was reported to the Board.

COMPOSITION OF THE COMMITTEE

The Board recognises the requirement for at least one member of the Committee to have recent and relevant financial experience and for the Committee as a whole to have competence relevant to the sector in which the Company operates. The Committee comprises four independent non-executive Directors. I, Julie Tankard, was appointed Chairman of the Committee with effect from 1 August 2022. I am a fellow of the Chartered Institute of Management Accountants and currently Chief Financial Officer of Port of London, where I am also responsible for risk. The other members of the Committee have a combination of financial, investment (including investment trust sector) and business experience through the senior posts held throughout their careers. Details of the Committee members can be found on pages 45 and 46. The Committee's terms of reference can be found on the Company's website at fandc.com.

MANAGEMENT OF RISK

The Manager's Operational Risk Department provides regular control reports to the Committee covering risk and compliance, while the Company's management agreement requires that any significant issues of direct relevance to the Company are reported to the Committee and to the Board without delay. Following the Covid-19 pandemic, most staff at the management company have continued to operate a "hybrid" working arrangement, sharing their working time between their office and working remotely. The necessary arrangements for remote working are well established, with staff having the facilities to operate effectively and they are experienced in working from home. Whilst there is some dependency on third parties, reassurance on their ongoing arrangements was received and are robust. The Manager and its third parties have continued to monitor the well-being of staff throughout the year and provided equipment where necessary. Online meetings continue to ensure regular communication amongst teams, whilst staff meetings and updates continue to ensure regular engagement by senior management.

The Manager has therefore been able to continue to serve the Company without interruption or incident and its Operational Risk Department continued to provide regular control reports to the Committee covering risk and compliance. Any significant issues of direct relevance to the Company are required to be reported to the Committee and Board immediately. There were no such reports during the year under review and up to the date of this report.

For the management of risk, a key risk summary is produced by the Manager in consultation with the Board to identify the risks to which the Company is exposed, the controls that are in place and the actions being taken to mitigate them. The Board has a robust process for considering the resulting risk control assessment at regular meetings and dynamically reviews the significance of the risks and the reasons for any changes. The Company's Principal Risks and the process for the identification of emerging risks, are set out on pages 40 to 42, with additional information given in note 26 to the Accounts. Included within these disclosures is information detailing the reverse stress test that has again been carried out as part of the Board's assessment of the Company's going concern status and the scenario testing that encapsulates the long-term viability of the Company. Those tests consider the combination and magnitude of plausible events that could potentially force the Company to discontinue its operations or impact its resilience and its ability to meet its liabilities over the coming ten years.

The Committee noted the extent and robustness of the Board's review and its assessment of the principal risks and identification of emerging risks and participated in the process as Board members themselves. The integration of the risks identified into the analyses underpinning the Long-Term Viability statement on page 43 was considered fully and the Committee concluded that the Board's statement was soundly based. The period of ten years was also agreed as remaining appropriate for the reasons given in the statement, whilst recognising that it remains longer than that used by many other companies.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Company's system of risk management and internal control, for reviewing its effectiveness and ensuring that risk management and internal control processes are embedded in the Manager's day-to-day operations. The Committee has reviewed and reported to the Board on those controls, which aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Committee through regular reports provided by the Manager. The reports cover investment performance, performance attribution, compliance with agreed and regulatory investment restrictions, financial analyses, revenue estimates, performance of the third-party administrators of Columbia Threadneedle's savings plans and on other relevant management issues.

The system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss or fraud. Further to the review by the Committee, the Board has assessed the effectiveness of the Company's internal controls. The assessment included a review of the Manager's risk management infrastructure and the report on its policies and procedures in operation and tests for the year to 31 October 2022 and subsequent confirmation from the Manager that there had been no material changes to the control environment in the period to 8 March 2023. This had been prepared by the Manager, for all its investment trust clients, to the International Standard on Assurance Engagement (ISAE) No. 3402 and to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06) (the **'ISAE/AAF Report'**). The ISAE/AAF Report from independent reporting accountants KPMG sets out the Manager's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of those controls is monitored by the Manager's Group Audit and Compliance Committee which, for the year to 31 October 2022, received regular reports from its Corporate Audit department. Procedures are also in place to capture and evaluate any failings and weaknesses within the Manager's control environment and those extending to any outsourced service providers to ensure that action would be taken to remedy any significant issues. Any errors or breaches relating to the Company are reported at each Committee and Board meeting by the Manager, including those relating to the administration of their savings plans and related complaint levels. Material issues would be reported earlier to the Chairman. No failings or weaknesses that were material to the overall control environment or financial statements were identified in the year under review. The Committee also reviewed the control reports of the Custodian, the Depositary, T. Rowe Price, Barrow, Hanley, Mewhinney & Strauss, the Private Equity managers and the Share Registrars' due diligence report and was satisfied that there were no material exceptions.

Through the reviews noted above and by direct enquiry of the Manager and other relevant parties, the Committee and the Board are satisfied that there were no material control failures or exceptions affecting the Company's operations during the year under review or in 2023 to the date of this report.

Based on the processes and controls in place within the management company, the Committee has concluded, and the Board has concurred, that there is no current need for the Company to have a separate internal audit function.

EXTERNAL AUDIT PROCESS AND SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

In carrying out its responsibilities, the Committee has considered the planning arrangements, scope, materiality levels and conclusions of the external audit for 2022. The table on page 62 describes the significant judgements and issues considered by the Committee in relation to the financial statements for the year and how these issues were addressed. Specifically, the most significant judgement for the year concerned the private equity investment, Inflexion Strategic Partners, which was written up in value again. The Committee also included in their review the areas of judgements, estimates and assumptions referred to in note 2(c)(xiii) to the Accounts. Likewise, the Committee reviewed the disclosure and description of the Alternative Performance Measures provided on pages 115 to 117 and is satisfied that the disclosure is fair and relevant.

With the increasing complexity of the Private Equity investments, the Committee continues to scrutinise and challenge the valuation of those investments. It questioned all the Private Equity managers on their processes in meetings during the year. The year end valuation is an estimate based on the September valuations extrapolated to the year end by adjusting for cash flows and any known events (as described in notes 2(c)(ii) and 26(d) to the Accounts). The Committee reviewed prior year experience on the validity of this estimation process by comparing variances in the estimated value with the actual audited values as at 31 December 2021 (which become known in May/June of the following year). The variances were not significant, but in some cases higher than in previous years: where this was the case, the Committee understood the reasons through discussion with the managers. In testing

Significant Judgements and Issues considered by the Committee in 2022	
Matter	**Action**
Investment Portfolio Valuation	
The Company's portfolio of investments comprises large cap, liquid securities quoted on recognised stock exchanges, together with illiquid Private Equity funds of funds and one direct investment. The Private Equity vehicles, which are subject to signed agreements covering long-term commitments and funding, hold a diversity of unquoted investments whose values are subjective.	The Committee reviewed annual audited internal control reports from the Manager, the sub-managers and Private Equity funds of funds managers. These reports indicated that the relevant systems and controls surrounding daily pricing, cash and holdings reconciliations, security valuation and Private Equity funding had operated satisfactorily. In addition, with regard to Private Equity vehicles, the Committee: discussed controls directly with the managers; reviewed the managers' estimated valuations in detail at six monthly intervals; and performed a thorough review and comparison of each Private Equity fund's 31 December 2021 or most recent audited value versus the managers' estimated valuation adopted by the Company in its own reporting. The review indicated that the Private Equity managers' estimated valuations could continue to be relied upon as being at fair value in accordance with the Company's accounting policy. The process for valuing the direct private equity valuations, including the write-up of the value of Inflexion Strategic Partners was reviewed and agreed by the Committee.
Misappropriation of Assets	
Misappropriation of the Company's investments or cash balances could have a material impact on its NAV.	The Committee reviewed the annual audited internal control reports of the Manager and the Custodian. Neither of these reports indicated any failures of controls over the existence and safe custody of the Company's investments and cash balances. The Committee reviews regularly the list of banks which the Manager and sub-managers are authorised to place cash and deposits with. The Company's Depositary reported quarterly on the safe custody of the Company's investments and the operation of controls over the movement of cash in settlement of investment transactions. Through these reports the Committee is satisfied that the assets remained protected throughout the year.
Income Recognition	
Incomplete controls over, or inaccurate recognition of, income could result in the Company misstating its revenue receipts and associated tax, with consequences for overall performance, payment of dividends to shareholders, and compliance with taxation rules.	The Committee's review of the Manager's annual audited controls report indicated that there were no control failures in the year. The Committee satisfied itself that special dividends had been correctly treated in accordance with the Company's accounting policy. Investment income was tested and reported on by the Manager and agreed by the Committee.

and challenging underlying adjustments made by the Private Equity managers the Committee ensures that the highest levels of oversight and scrutiny are applied. The process for valuing the direct Private Equity valuations was reviewed and confirmed by the Committee as being appropriate.

The Committee met in February 2023 to discuss the final draft of the Annual Report and Accounts, with representatives of EY and the Manager in attendance. EY submitted their year end report and indicated that at that stage they would have no reason not to issue an unqualified audit opinion in respect of the Annual Report and Accounts. The Committee established that there were no material issues or findings arising which needed to be brought to the attention of the Board.

The Committee recognises the importance of continually improving non-financial reporting and the increased focus on the Strategic Report by investors and regulators. Therefore, the Committee has carefully considered the disclosures made in the Annual Report and Accounts particularly in relation to those made under section 172(1) of the Act, including how wider stakeholder interests have been taken into account by the Directors while performing their duties and related disclosures with regard to Responsible Investment issues. The Committee has had regard to the non-financial reporting requirements in the Act, which is an area of reporting that continues to evolve.

The Committee also noted that an independent, experienced and objective third-party consultant was engaged to review the Annual Report and Accounts and comment on its fairness, balance and comprehension. The Committee recommended to the Board that the Annual Report and Accounts was in its view, fair, balanced and understandable in accordance with accounting standards, regulatory requirements and best practice.

The Independent Auditor's Report which sets out the unqualified audit opinion, the scope of the audit and the areas of focus, in compliance with applicable auditing standards, can be found on pages 70 to 77.

AUDITOR ASSESSMENT, INDEPENDENCE AND APPOINTMENT

The Committee reviews the reappointment of the auditor every year and has been satisfied with the effectiveness of EY's performance. The audit partner rotates at least every five years, in accordance with professional guidelines. James Beszant is the senior statutory auditor and this is his second year as audit partner. The Committee is satisfied that EY are independent of the Company and have complied with relevant auditing standards. In evaluating EY, the Committee has taken into consideration the standing, skills and experience of the firm and of the audit team. From direct observation and indirect enquiry of management, the Committee is satisfied that EY will continue to provide effective independent challenge in carrying out their responsibilities.

The Committee also considered the evaluation of EY's audit performance through the FRC's Audit Quality Inspection Report for 2021/22. The FRC reviewed 17 of EY's audits, of which 11 (65%) were assessed as requiring no more than limited improvements. This reflects a fall compared with the previous year (79%) and these results are below the FRC's overall inspection findings, which showed that 75% of audits (72 out of 96) required no more than limited improvements (2020/21: 71%). The Committee discussed these findings with EY's audit partner, who confirmed that EY had acted on the findings.

The FRC's ethical standards continue to press for ever higher quality auditing standards which means that audit firms are incurring substantial costs. It also expects audit firms to demonstrate that they are economically sustainable. This upward pressure on costs has been reflected in significant increases in the audit fee in recent years. The audit fee for 2022, excluding VAT, was £143,000 (2021: £134,000). More details can be found in Note 5 to the Accounts. The Committee has a duty to consider carefully the audit for value and effectiveness and, as part of its annual review, the need for putting the audit out to tender for reasons of quality, independence or value. The Company is required to carry out a tender every ten years with the next due no later than 2026. In view of the substantial increases in the fee over recent years and the potential for further increases in future years, the Committee continues to monitor developments and take market soundings on audit quality and fees as appropriate.

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of the policy on the provision of non-audit services.

NON-AUDIT SERVICES

The Committee regards the continued independence of the external auditor to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditors are not considered to be expert providers of the non-audit services;
- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditors.

In particular, the Committee has a policy that the accumulated costs of all non-audit services sought from the auditors in any one year should not exceed 30% of the likely audit fees for that year and not exceed 70% cumulatively over three years. Any individual service likely to exceed £5,000 is agreed by the Committee prior to the commencement of the services. There were no non-audit services for the year ended 31 December 2022 (2021: nil).

In May 2022, the Government published its response to its March 2021 consultation paper on audit and corporate governance reform, in which it confirmed that significant reforms will be made to audit and corporate governance in the UK. We understand that in the first quarter of 2023, the FRC will consult on changes to the UK Corporate Governance Code, with the revised Code expected to apply to accounting periods beginning on or after 1 January 2024. In the first half of 2024 it is expected that the FRC will be replaced by the Audit Reporting and Governance Authority ('ARGA'), which will have greater powers to sanction Directors in respect of corporate reporting and audit. Amongst the likely changes, it is expected that Boards will be required to:

- Formally confirm the legality of proposed dividend payments.
- Make explicit disclosures on the effectiveness of internal controls, including a report on the steps taken to prevent and detect fraud.
- Issue a Resilience Statement covering short and medium term threats, to replace the existing requirements for Going Concern and Viability statements.
- Adopt and publish an Audit and Assurance Policy.
- Engage a "challenger" firm to conduct part or all of their annual audit.

The Company will not be required to comply with all of these requirements because, although as a listed company it is a Public Interest Entity ('PIE'), there are expected to be exemptions for PIEs with less than 750 employees. However, given that each of these elements is expected to become best market practice, the Board may consider it prudent to comply with the new requirements.

COMMITTEE EVALUATION

The activities of the Audit Committee were considered as part of the externally facilitated Board evaluation process completed in accordance with standard governance arrangements as summarised on page 54. A full evaluation was undertaken on the effectiveness, roles and responsibilities of the Committee in accordance with the FRC's current guidance. The evaluation found that the Committee functioned well, with an appropriate balance of membership, skills and experience, so contributing to the Company's long-term success.

Julie Tankard
Chairman, Audit Committee
8 March 2023

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION POLICY

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the Company's objectives. The time committed to the Company's business and the specific responsibilities of the Chairman, Senior Independent Director, Directors and the chairmen and members of the various committees of the Board and their retention are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trust companies and other similar sized financial companies. This includes provision for the Company's reimbursement of all reasonable travel and associated expenses incurred by the Directors in attending Board and committee meetings, including those treated as a benefit in kind subject to tax and national insurance.

This policy was last approved by shareholders in May 2020 with 90.3% voting in favour, 5.5% voting against, while 4.2% of the proxy votes received were withheld, however a vote withheld is not a vote in law and is not counted in the calculation of the votes for and against a resolution. The Board has not subsequently received any views from shareholders in respect of the levels of Directors' remuneration. It is a requirement that shareholder approval is sought at least every three years and therefore shareholders will be asked to approve the Directors' remuneration policy at the forthcoming AGM, with the intention that it will continue for the three year period ending at the conclusion of the annual general meeting in 2026.

The Company's Articles of Association limit the aggregate fees payable to the Board to a total of £500,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman and, in the case of the Chairman's fees, from the Senior Independent Director. The fees are fixed and are payable in cash, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options or long-term incentive schemes. The Board considers the level of Directors' fees annually. In January 2023, the Board agreed the recommendation of the Nomination Committee that, commencing 1 January 2023, all fees should be increased by 4.75% to the levels shown in the table below.

Annual fees for Board Responsibilities

	2023 £	2022 £
Board		
Chairman	81,705	78,000
Senior Independent Director	47,660	45,500
Director	40,850	39,000
Additional fees payable for committee membership:		
Audit Committee		
Chairman	14,665	14,000
Members	5,760	5,500
Nomination Committee		
Chairman	3,400	3,250
Members	3,400	3,250

No additional fees are payable for membership of the Management Engagement Committee.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company and therefore the Board has not established a separate remuneration committee. Each Director has signed a terms of appointment letter with the Company, in each case including one month's notice of termination by either party. There is no provision for compensation for loss of office. The letters of appointment are available for inspection by emailing the Company Secretary at FCITCoSec@columbiathreadneedle.com and will be available for 15 minutes before, and during, the forthcoming AGM. The dates on which each Director was appointed to the Board are set out in their biographies on pages 45 and 46.

DIRECTORS' SHAREHOLDINGS

There is no requirement under the Company's Articles of Association for the Directors to hold shares in the Company. The beneficial shareholdings of the Directors who held office at the end of the financial year are shown below:

Directors' share interests (audited)

At 31 December	2022	2021
Beatrice Hollond	6,752	5,348
Francesca Ecsery	29,105	21,338
Tom Joy	3,500	3,500
Edward Knapp	8,575	8,401
Rain Newton-Smith	165	165
Quintin Price	12,461	12,461
Stephen Russell(1)	–	n/a
Julie Tankard(2)	333	n/a

(1) Appointed to the Board 1 February 2022
(2) Appointed to the Board 1 August 2022
The Company's register of Directors' interests contains full details of Directors' shareholdings.

Since the year end, and up to 6 March 2023 (being the latest practicable date before the publication of the Annual Report and Accounts), the following Directors have acquired further ordinary shares in the Company: Francesca Ecsery 13, Beatrice Hollond 219, Edward Knapp 34 and Julie Tankard 1. There have been no changes in any of the other Directors' shareholdings detailed above. No Director held any interests in the issued stock or shares of the Company other than as stated above.

As at 6 March 2023 the Fund Manager held 191,697 ordinary shares in the Company.

POLICY IMPLEMENTATION

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an ordinary resolution for its approval will be put to shareholders at the forthcoming AGM. At the 2022 AGM, shareholders approved the Remuneration Report in respect of the year ended 31 December 2021: of the total votes received, 89.1% were cast in favour of the resolution, 5.3% were against and 5.6% of the proxy votes received were withheld, however a vote withheld is not a vote in law and is not counted in the calculation of the votes for and against a resolution.

SINGLE TOTAL FIGURE OF REMUNERATION

The single total figure of remuneration for the Board as a whole for the year ended 31 December 2022 was £387,200. The single total figure of remuneration for each Director is detailed overleaf, together with the prior year comparative. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Single total figure table (audited)

Director	Fees £'000s 2022	Fees £'000s 2021	Taxable Benefits[1] £'000s 2022	Taxable Benefits[1] £'000s 2021	Total £'000s 2022	Total £'000s 2021
Beatrice Hollond[2]	81.3	78.0	1.2	0.7	82.5	78.7
Sarah Arkle[3]	3.8	42.8	0.0	1.5	3.8	44.3
Sir Roger Bone[4]	n/a	18.7	n/a	0.0	n/a	18.7
Francesca Ecsery	42.3	40.5	0.9	0.9	43.2	41.4
Jeffrey Hewitt[5]	18.0	51.0	0.8	0.7	18.8	51.7
Tom Joy[6]	42.3	40.0	1.3	1.5	43.6	41.5
Edward Knapp	44.5	42.8	1.2	1.4	45.7	44.2
Rain Newton-Smith[7]	41.4	24.0	0.8	1.1	42.2	25.1
Quintin Price[8]	51.0	46.7	1.1	1.5	52.1	48.2
Stephen Russell[9]	40.5	n/a	0.9	n/a	41.4	n/a
Julie Tankard[10]	22.1	n/a	0.5	n/a	22.6	n/a
Total	387.2	384.5	8.7	9.3	395.9	393.8

(1) Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.
(2) Highest paid Director.
(3) Retired from the Board on 31 January 2022.
(4) Retired immediately following the AGM on 10 May 2021.
(5) Retired immediately following the AGM on 3 May 2022.
(6) Appointed to the Board on 1 January 2021 and the Nomination Committee on 9 February 2021.
(7) Appointed to the Board on 11 May 2021 and to the Nomination Committee on 8 February 2022.
(8) Became Senior Independent Director on 11 May 2021.
(9) Appointed to the Board and Audit Committee on 1 February 2022.
(10) Appointed to the Board and as Chairman of the Audit Committee on 1 August 2022.

The following table sets out the annual percentage change in Directors' fees for the years to 31 December 2021 and 2022:

Annual Percentage Change in Directors' fees

	% change from 2021 to 2022	% change from 2020 to 2021
Sarah Arkle[1]	(91.1)	0
Sir Roger Bone[2]	n/a	(64.0)
Francesca Ecsery	4.4	0.0
Jeffrey Hewitt[3]	(64.7)	0
Beatrice Hollond	4.2	0.0
Tom Joy[4]	5.8	n/a
Edward Knapp	4.0	0.0
Rain Newton-Smith[5]	72.5	0.0
Quintin Price[6]	9.2	38.6
Stephen Russell[7]	n/a	n/a
Julie Tankard[8]	n/a	n/a

(1) Retired from the Board on 31 January 2022.
(2) Retired immediately following the AGM on 10 May 2021.
(3) Retired immediately following the AGM on 3 May 2022.
(4) Appointed to the Board on 1 January 2021 and the Nomination Committee on 9 February 2021.
(5) Appointed to the Board on 11 May 2021 and to the Nomination Committee on 8 February 2022.
(6) Appointed to the Board on 10 March 2020, the Audit Committee on 7 May 2020 and became Senior Independent Director on 11 May 2021.
(7) Appointed to the Board and Audit Committee on 1 February 2022
(8) Appointed to the Board and as Chairman of the Audit Committee on 1 August 2022

The following table shows the total remuneration, excluding taxable benefits, for the Chairman over the five years ended 31 December 2022:

Remuneration for the Chairman over the five years ended 31 December 2022

Year ended 31 December	Fees £'000s
2022	81.3
2021	78.0
2020	78.0
2019	77.0
2018	75.0

The table below is shown to enable shareholders to assess the relative importance of spend on remuneration. It compares the remuneration, excluding taxable benefits, against the shareholder distributions of dividends and share buybacks.

Actual expenditure

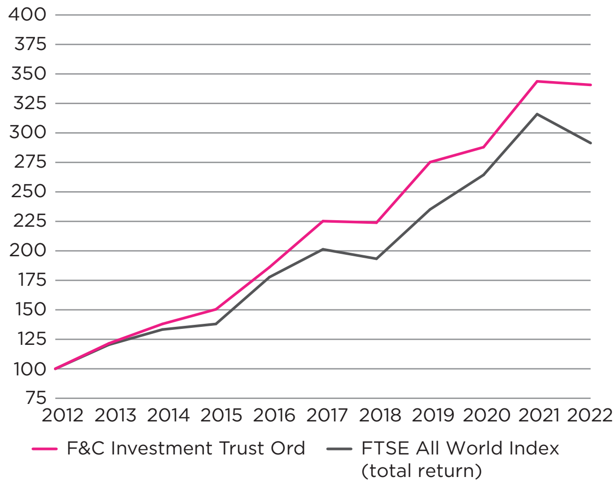
	2022 £'000s	2021 £'000s	% Change
Aggregate Directors' Remuneration	387.2	384.5	0.7
Aggregate Dividends paid to shareholders	68,983	65,578	5.2
Aggregate cost of ordinary shares repurchased	70,749	84,326	(16.1)

COMPANY PERFORMANCE

An explanation of the performance of the Company for the year ended 31 December 2022 is given in the Chairman's Statement and Fund Manager's Review.

A comparison of the Company's performance over the last ten years is set out on the graph below. This shows the total return (assuming all dividends are reinvested) to ordinary shareholders compared with that of the Company's benchmark, the FTSE All-World Index (total return). The Board believes that this index is the most appropriate for performance comparison purposes as it reflects the Fund Manager's investment universe.

Shareholder total return vs benchmark total return over ten years



Source: Columbia Threadneedle Investments & Refinitiv Eikon

ANNUAL STATEMENT

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 31 December 2022:

- The major decisions on Directors' remuneration;
- Any substantial changes relating to Directors' remuneration made during the year; and
- The context in which the changes occurred and decisions have been taken.

On behalf of the Board
Beatrice Hollond
Chairman
8 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. Further details can be found in notes 2 and 25 to the Accounts.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

The Annual Report and Accounts is published on the fandc.com website, which is maintained by the Manager. The Directors are responsible for the maintenance and integrity of the Company's website. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors listed on pages 45 and 46 confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- in the opinion of the Directors the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Beatrice Hollond
Chairman
8 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&C INVESTMENT TRUST PLC

OPINION

We have audited the financial statements of F&C Investment Trust PLC (the 'Company') for the year ended 31 December 2022 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and the related Notes to the Accounts 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. In our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting, we have performed the following procedures:

- We confirmed our understanding of the Company's going concern assessment process and held discussions with the Directors and Columbia Threadneedle Investment Business Limited ('CTIB' or the 'Manager') to determine if all key factors that we have become aware of during our audit were considered in their assessment during our attendance at the Audit Committee.
- We inspected the Directors' assessment of going concern, including the revenue forecast for the period to 31 March 2024, the stress and reverse stress tests and the liquidity assessment of the investments.
- We discussed the assessment with the Directors and the Manager and reviewed Board minutes for risks, events or contrary evidence that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.
- We reviewed the factors and assumptions as applied to the revenue forecast, stress and reverse stress tests prepared by the Manager. We considered the appropriateness of the methods used to calculate the revenue forecast and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company. We also considered the likelihood of the occurrence of the reverse stress test scenario and any available mitigating actions that could be taken.
- In relation to the Company's borrowing arrangements, we inspected the Company's assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the directors in order to identify what factors would lead to the Company breaching the financial covenants.
- We reviewed the Directors' assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and compared them to our understanding of the Company's risks.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

OVERVIEW OF OUR AUDIT APPROACH

- Incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement.
- Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.
- Incorrect valuation or ownership of the quoted investment portfolio.
- Overall materiality of £46.5m which represents 1% of net assets.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 31 March 2024.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

Climate change
The Company has determined that the most significant future impacts from climate change on its operations will be from the impact of climate change on the valuation of its investment portfolio. This is explained on pages 41 to 42 in the principal and emerging risks section of the annual report. The Company has also explained their climate commitments on page 17 of the annual report. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

The Company has explained in Note 2 (c)(xiii) how it has reflected the impact of climate change in its financial statements. Significant judgements and estimates relating to climate change are included in Note 2 (c)(xiii).

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 17 and 41 to 42 and the significant judgements and estimates disclosed in note 2 (c)(xiii) and whether these have been appropriately reflected in the valuation of quoted and unquoted investments.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement (2022: £575.2m, 2021: £519.2m) Refer to the Audit Committee Report (page 62); Accounting policies (page 83); and Note 10 of the Financial Statements (page 91) The Company invests in a number of unlisted private equity holdings, either through fund investments or through co-investments managed by the Company's specialist private equity managers ('PE Managers'). The primary PE Managers are CTIB, HarbourVest Partners LLP and Pantheon Ventures (UK) LLP. Primary PE fund investments are held through the Company while secondary or co-investment opportunities are held through PE Investment Holdings 2018 LP ('PE LP'), an investment vehicle in which the Company is the sole Limited Partner. The Company also holds a direct investment in Inflexion Strategic Partners, a Private Equity Investment Management business. **Valuation** The Company's accounting policy for the valuation of these investments is as follows; • **Funds and co-investments** – the directors rely on unaudited valuations of the underlying unlisted investments as supplied by the PE managers, rolled forward for any calls and distributions in the subsequent period. • **Direct investment** – As at 31 December 2022, fair valued by CTIB with reference to a probability weighted valuation model. There is the risk that inaccurate judgments and estimates made in the assessment of fair value could materially misstate the value of the investment portfolio in the Balance Sheet, and the unrealised gains/(losses) in the Income Statement. There is also incentive and opportunity for the Manager to inflate valuations to meet shareholders' expectations. **Ownership** The Manager is responsible for processing and monitoring the ownership of the unquoted investments. There is a risk that the incorrect number of shares are recorded, particularly where trades are initiated or settled close to the Balance Sheet date.	We have performed the following procedures: **Valuation** • We obtained an understanding of the Manager's processes and controls for the valuation of the unquoted investments by performing walkthrough procedures and reviewing the Manager's internal controls report to evaluate the design and implementation of controls. • We obtained an understanding of the governance of unlisted valuations through discussion with the Manager and inspecting oversight of the unquoted valuation process at Board level through reading minutes and reports provided to Board meetings throughout the year. • To address the risk of management override, we tested a sample of manual journal entries posted in relation to unquoted investments during the year. **Fund co-investments** • We performed a back-testing exercise to assess the historical accuracy of a sample of valuations of unquoted investments' in the 31 December 2021 financial statements. We compared the valuations per the Company's 2021 audited financial statements, which were estimates at the time, to the unquoted investment values subsequently reported by the respective PE Manager as at 31 December 2021. For this sample, we also confirmed that the PE Managers are following fair value accounting principles by reviewing the valuation policies disclosed in their latest audited accounts or quarterly valuation report. • We agreed the NAV of all unquoted investments on the investment report to the estimated NAV valuations included in the 31 December 2022 NAV statements provided directly by the GPs or PE fund administrators, whether held directly by the Company or indirectly through PE LP. Where 31 December 2022 estimated NAV valuations were not available, we obtained the 30 September 2022 NAV statements from the GPs or PE fund administrators and tested management's roll forward exercise which adjusts for cash flows, foreign exchange movements and any other adjustments, in the period to 31 December 2022. • We held meetings with HarbourVest Partners LLC, Pantheon Ventures (UK) LLP and the CTIB private equity team to discuss and challenge: – The annual performance of the investment funds during the year to 31 December 2022 and the valuation approaches adopted. – The reasons for any material variances noted between estimated and actual NAVs for the year ended 31 December 2021. – Whether any post balance sheet information is available that would require adjustments to be made to the estimated 31 December 2022 NAVs. • We recalculated the valuation of all unquoted investments in foreign currencies using exchange rates from third party sources to gain assurance over the reasonableness of currency rates used. • We recalculated the unrealised profits on the revaluation of all unquoted investments. • For a sample of unquoted investments, we confirmed the realised gains/(losses) to the notices received from the relevant PE Manager. These are calculated as the difference between distribution proceeds less return of capital. • We compared the Company's valuation methodology to the requirements of International Private Equity and Venture Capital Valuation Guidelines. **Direct Investment** • With the assistance of our specialist valuation team, we performed the following procedures: – Understood the Inflexion Strategic Partners investment thesis through discussions with the CTIB private equity team; – Reviewed the CTIB valuation model and assessed its appropriateness in line with FRS 102 and the International Private Equity and Venture Capital Valuation Guidelines; – Challenged management's judgments and assumptions, including: the change of valuation model from the prior year, the choice of comparable quoted companies and the discount applied compared to comparable quoted company multiples; and – Performed an independent valuation analysis to derive a reasonable valuation range. • The audit team verified the inputs to the model to third party data (earnings, net debt, comparable quoted company multiples), and recalculated the valuation using the model inputs to verify the mathematical accuracy of the calculation. **Ownership** • We obtained an understanding of the Manager's processes and controls for the ownership of the unquoted investments by performing walkthrough procedures. • For all investments, we agreed independently obtained confirmations from the underlying GPs or PE fund administrators to the Company's records to confirm the total committed capital and the amount drawn down at the year end.

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement.

Based on the work performed, we had no matters to report to the Audit Committee.

Risk	Our response to the risk
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (Special dividends - 2022: £2.1m, 2021: £2.9m; Other revenue - 2022: £94.6m, 2021: £76.2m) Refer to the Audit Committee Report (page 62); Accounting policies (page 84); and Note 3 of the Financial Statements (page 86) The investment income received by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or failure to apply appropriate accounting treatment. The income received during the year consisted primarily of dividend income from listed investments. Special dividends represent dividends paid by investee companies that are additional to the normal or expected dividend cycle for that company. In accordance with the AIC SORP, special dividends can be included within either the revenue or capital columns of the Income Statement, depending on the commercial circumstances behind the payments. The Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. As such, there is a potential manual and judgemental element in classifying special dividends between revenue and capital. The revenue column of the Income Statement is the main driver of the minimum dividend calculation.	**We have performed the following procedures:** • We obtained an understanding of the Manager's and State Street Bank and Trust's (the 'Administrator') processes and controls surrounding revenue recognition and classification of special dividends by reviewing their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. • For 100% of dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We have agreed a sample of dividend receipts to bank statements. Where dividends were received or accrued in foreign currency, we translated the amount into the reporting currency of the Company using exchange rates sourced from an independent data vendor. • To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as revenue with reference to investee company announcements obtained from an independent data vendor. • For 100% of dividends accrued, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31 December 2022. • For 100% of dividends received and accrued during the period, we reviewed the type of dividends paid with reference to an independent external data vendor to identify those which are special. • The Administrator's special dividend listing contained 25 special dividends received during the year; 21 classified as revenue (£1.6m) and 4 classified as capital (£0.5m). For a sample of special dividends, including the one special dividend above our testing threshold, we assessed the appropriateness of the director's classification as either revenue or capital by reviewing the rationale for the underlying distribution.

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.

Based on the work performed, we had no matters to report to the Audit Committee.

Risk	Our response to the risk
Incorrect valuation or ownership of the quoted investment portfolio (2022: £4,408.8m, 2021: £5,260.0m) Refer to the Audit Committee Report (page 62); Accounting policies (page 83); and Note 10 of the Financial Statements (page 91) The Company holds a portfolio of quoted investments both in the UK and overseas. The quoted portfolio is managed by the Manager who in turn sub-delegates the role of investment management for a proportion of the portfolio to T.Rowe Price International Ltd and Barrow, Hanley, Mewhinney and Strauss LLC (together the 'Sub-Managers'). Per the Company's accounting policy, the fair value of investments is the bid value at the close of business on the Balance Sheet date. Certificates of investment ownership are held by JPMorgan Chase (the 'Custodian') and not directly by the Company. JPMorgan Europe Limited (the 'Depositary') has a regulatory obligation to oversee the investment holdings stated by the Administrator and the Custodian. The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, could have a significant impact on the financial statements. In addition, there is a risk of failure to maintain proper legal title of the quoted investments held by the Company which could have a significant impact on the portfolio valuation and the return generated for shareholders.	**We have performed the following procedures:** **Valuation** • We obtained an understanding of the Manager's and the Administrator's processes and controls surrounding investment pricing by performing our walkthrough procedures and reviewing the Manager's and the Administrator's internal control reports. • For 100% of quoted investments in the portfolio, we verified market prices and exchange rates to an independent pricing vendor and recalculated the investment valuations as at the year-end. • We inspected the stale pricing report produced by the Administrator as at 31 December 2022 to identify prices that have not changed around the year-end and verified whether the listed price is a fair value through review of trading activity. **Ownership** • We obtained an understanding of the Administrator's and the Custodian's processes and controls for asset recognition by inspecting their internal control reports. • We agreed the Company's investment holdings at 31 December 2022 to an independent confirmation received directly from the Company's Custodian and Depositary for the listed investments. No reconciling items were identified.

Key observations communicated to the Audit Committee

The results of our procedures identified no material misstatement in relation to the incorrect valuation or ownership of the quoted investment portfolio.

Based on the work performed, we had no matters to report to the Audit Committee.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £46.5 million (2021: £52.8 million), which is 1% (2021: 1%) of net assets. We believe that net assets is the most appropriate measure as it is the primary measure that investors use to assess the performance of the Company.

During the course of our audit, we reassessed initial materiality and made no changes to the basis of calculation from our original assessment at the planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £34.9m (2021: £39.6m). We have set performance materiality at this percentage based on our understanding of the control environment that indicates a lower risk of material misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £4.1m (2021: £3.3m) being 5% of the net revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £2.3m (2021: £2.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements (including notes to the accounts 1 to 27) and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Report

We have reviewed the Directors' statement in relation to going concern, long-term viability and that part of the Corporate Governance Report relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 42;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 43 and 44;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 42;
- Directors' statement on fair, balanced and understandable set out on page 69;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 60 and 61; and;
- The section describing the work of the Audit Committee set out on page 59.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 69, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK Generally Accepted Accounting Practice, Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code, Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the key risks impacting the financial statements. We identified fraud risks with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends between revenue and capital and the incorrect valuation of the unquoted investment portfolio and resulting impact on the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing with a focus on manual journals posted in relation to unquoted investments during the year, a review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to confirm compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 26 April 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.
  The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ending 31 December 2016 to 31 December 2022.
- The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP,
Statutory Auditor
London
8 March 2023

INCOME STATEMENT

Notes	for the year ended 31 December	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
10	(Losses)/gains on investments	–	(527,760)	(527,760)	–	879,862	879,862
19,22	Exchange movements on foreign currency loans, cash balances and derivatives	387	(11,382)	(10,995)	(176)	4,251	4,075
3	Income	96,235	–	96,235	77,629	–	77,629
4	Management fees	(4,582)	(13,747)	(18,329)	(4,935)	(14,805)	(19,740)
5	Other expenses	(5,567)	(46)	(5,613)	(3,500)	(57)	(3,557)
	Net return before finance costs and taxation	86,473	(552,935)	(466,462)	69,018	869,251	938,269
6	Finance costs	(3,495)	(10,486)	(13,981)	(2,778)	(8,335)	(11,113)
	Net return on ordinary activities before taxation	82,978	(563,421)	(480,443)	66,240	860,916	927,156
7	Taxation on ordinary activities	(10,383)	(551)	(10,934)	(7,740)	(138)	(7,878)
8	**Net return attributable to shareholders**	72,595	(563,972)	(491,377)	58,500	860,778	919,278
8	**Net return per share – basic (pence)**	13.92	(108.14)	(94.22)	10.99	161.74	172.73

The total column of this statement is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
The net return attributable to shareholders is also the total comprehensive income.
The notes on pages 82 to 106 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

Notes		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
9	Dividends paid	–	–	–	(68,983)	(68,983)
17	Shares repurchased by the Company and held in treasury	–	–	(70,749)	–	(70,749)
	Net return attributable to shareholders	–	–	(563,972)	72,595	(491,377)
	Balance carried forward 31 December 2022	140,455	122,307	4,289,599	97,464	4,649,825

for the year ended 31 December 2021

Notes		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
9	Dividends paid	–	–	–	(65,578)	(65,578)
	Shares repurchased by the Company and held in treasury	–	–	(84,326)	–	(84,326)
	Net 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

The notes on pages 82 to 106 form an integral part of the financial statements.

Financial Report

BALANCE SHEET

Notes	at 31 December	£'000s	2022 £'000s	£'000s	2021 £'000s
	Fixed assets				
10	Investments		**4,924,533**		5,779,123
	Current assets				
10	Investments	**59,424**		–	
12	Debtors	**11,061**		8,267	
22	Cash and cash equivalents	**243,836**		53,111	
		314,321		61,378	
	Creditors: amounts falling due within one year				
13,22	Loans	**–**		(110,452)	
14	Other	**(7,190)**		(9,277)	
		(7,190)		(119,729)	
	Net current assets/(liabilities)		**307,131**		(58,351)
	Total assets less current liabilities		**5,231,664**		5,720,772
	Creditors: amounts falling due after more than one year				
15,22	Loans	**(581,264)**		(439,263)	
16,22	Debenture	**(575)**		(575)	
			(581,839)		(439,838)
	Net assets		**4,649,825**		5,280,934
	Capital and reserves				
17	Share capital		**140,455**		140,455
18	Capital redemption reserve		**122,307**		122,307
19	Capital reserves		**4,289,599**		4,924,320
19	Revenue reserve		**97,464**		93,852
	Total shareholders' funds		**4,649,825**		5,280,934
20	**Net asset value per share – prior charges at nominal value (pence)**		**896.94**		1,002.49

The notes on pages 82 to 106 form an integral part of the financial statements.

The Financial Statements were approved by the Board on 8 March 2023 and signed on its behalf by

Beatrice Hollond, Chairman

STATEMENT OF CASH FLOWS

Notes	for the year ended 31 December	2022 £'000s	2021 £'000s
21	**Cash flows from operating activities before dividends received and interest paid**	**(34,064)**	(27,576)
	Dividends received	**93,292**	77,652
	Interest paid	**(13,239)**	(11,037)
	Cash flows from operating activities	**45,989**	39,039
	Investing activities		
	Purchases of investments	**(2,068,248)**	(2,527,995)
	Sales of investments	**2,338,540**	2,483,392
	Other capital charges and credits	**(50)**	(56)
	Cash flows from investing activities	**270,242**	(44,659)
	Cash flows before financing activities	**316,231**	(5,620)
	Financing activities		
9	Equity dividends paid	**(68,983)**	(65,578)
22	Repayment of loans	**(110,329)**	(120,000)
22	Drawdown of loans	**140,000**	270,000
	Cash flows from share buybacks into treasury	**(71,534)**	(83,961)
	Cash flows from financing activities	**(110,846)**	461
22	Net increase/(decrease) in cash and cash equivalents	**205,385**	(5,159)
22	Cash and cash equivalents at the beginning of the year	**53,111**	46,654
22	Effect of movement in foreign exchange	**(14,660)**	11,616
	Cash and cash equivalents at the end of the year	**243,836**	53,111
	Represented by:		
	Cash at bank	**144,096**	27,798
	Short-term deposits	**99,740**	25,313
	Cash and cash equivalents at the end of the year	**243,836**	53,111

The notes on pages 82 to 106 form an integral part of the financial statements.

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION

F&C Investment Trust PLC is an Investment Company, incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company Registration number is 12901, and the Registered office is Exchange House, Primrose Street, London, EC2A 2NY, England. The Company has conducted its affairs so as to qualify as an Investment Trust under the provisions of Section 1158 of the Corporation Tax Act 2010. Approval of the Company under Section 1158 has been received. The Company intends to conduct its affairs so as to enable it to continue to comply with the requirements of Section 1158. Such approval exempts the Company from UK Corporation Tax on gains realised in the relevant year on its portfolio of fixed asset investments and derivatives.

There have been no significant changes to the Company's accounting policies during the year ended 31 December 2022, as set out in note 2 below.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Going concern

As referred to in note 25 and the Business Review, the Directors believe that it is appropriate for the accounts to be prepared on a going concern basis.

(b) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments and derivatives at fair value, and in accordance with the Act, Financial Reporting Standard (FRS) 102 applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022 (**'SORP'**).

The functional and presentational currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

All of the Company's operations are of a continuing nature.

The Company had no operating subsidiaries at any time during the years ended 31 December 2022 and 31 December 2021. Consequently, consolidated accounts have not been prepared.

The Directors are of the opinion that the Company's activities comprise a single operating segment, which is investing internationally in equities to secure long-term growth in income and capital.

In accordance with the SORP, the Income Statement has been analysed between a Revenue Account (dealing with items of a revenue nature) and a Capital Account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income and operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in notes 2(c)(vii) and 2(c)(viii)). Net revenue returns are allocated via the revenue account to the Revenue Reserve, out of which interim and final dividend payments are made. The amounts paid by way of dividend are shown in the Statement of Changes in Equity. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and derivatives and currency profits and losses on cash and borrowings. The Company may distribute net capital returns by way of dividend. It is the Board's current stated intention to continue paying dividends to equity shareholders out of the Revenue Reserve.

(c) Principal accounting policies

The policies set out below have been applied consistently throughout the year ended 31 December 2022 and the prior year.

(i) Financial instruments

Financial instruments include fixed asset investments, derivative assets and liabilities, long-term debt instruments, cash and short-term deposits, debtors and creditors. FRS102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on the AIM Market in the UK.

Level 2 – Quoted prices for similar assets or liabilities or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.

Level 3 – Where no active market exists and recent transactions for identical instruments do not provide a good estimate of fair value, the value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included within this category are investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles, (see notes 10 and 26(d) for further information).

(ii) Investments

As an investment trust company, the Company measures its fixed asset investments at fair value through profit or loss and treats all transactions on the realisation and revaluation of investments held as fixed assets, as transactions on the Capital Account. Purchases are recognised on the relevant trade date, including expenses which are incidental to the acquisition of the investments. Sales are also recognised on the trade date, after deducting expenses incidental to the sales. Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Included within investments are short-dated gilts which have been classified as current investments in the balance sheet given their short maturity of six months or less. Investments which are not quoted or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investment instruments. Where no reliable fair value can be estimated, investments are carried at cost less any provision for impairment.

With respect specifically to investments in Private Equity, whether through funds or partnerships, where year end valuations are not available the Directors rely on unaudited valuations of the underlying unlisted investments as at 30 September as supplied by the investment advisers or managers of those funds or partnerships rolled forward for any calls and distributions in the subsequent quarter and any foreign exchange movements plus significant events which have occurred in the subsequent quarter. The advisers or managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the above policies. Distributions from Private Equity funds are recognised when the right to distributions is established. Direct investments are fair valued on initial recognition and are revalued at the balance sheet date at fair value with reference to a price earnings model. Changes in fair value are recognised in the Income Statement.

(iii) Derivative Instruments

Derivatives including forward exchange contracts, futures and options are classified as fair value through profit or loss and accounted for as financial assets or liabilities. Where it can be demonstrated that the derivative is connected to the maintenance of the Company's investments, the change in fair value is recognised as capital and shown in the Capital column of the Income Statement. Where an option is written in the expectation that it will not be exercised, or that any losses on exercise will be outweighed by the value of the premiums received, the premiums are recognised in the Revenue column of the Income Statement. The value of the premium is usually the option's initial fair value and is recognised evenly over the life of the option. Subsequent changes to fair value are adjusted in the Capital column of the Income Statement such that the total amounts recognised within Revenue and Capital represent the change in fair value of the option.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Debt Instruments

The Company's debt instruments include the 4.25% perpetual debenture stock included in the Balance Sheet at proceeds received, net of issue costs, as well as unsecured loan notes, bank borrowings and overdrafts. These are all initially measured at the amount of cash received less direct issue costs and subsequently measured at amortised cost using the effective interest rate method. No debt instruments held during the year required hierarchical classification.

The fair market value of the Company's borrowings are set out in notes 13, 15 and 16. Finance charges, including interest, are accrued using the effective interest rate method. See 2(c)(vii) below for allocation of finance charges within the Income Statement.

(v) Foreign currency

Foreign currency monetary assets and liabilities are expressed in sterling at rates of exchange ruling at the Balance Sheet date. Purchases and sales of investment securities, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions. Exchange profits and losses on fixed assets investments are included within the changes in fair value in the Capital Account. Exchange profits and losses on other currency balances are separately credited or charged to the Capital Account except where they relate to revenue items.

(vi) Income

Income from equity shares is brought into the Revenue Account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the Capital Account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment. Dividends are accounted for on the basis of income actually receivable, without adjustment for any tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the Capital Account. Rebates on investee funds management fees are accounted for on a receipts basis.

(vii) Expenses, including finance charges

Expenses inclusive of associated value added tax (VAT) are charged to the Revenue Account of the Income Statement, except as noted below:

- expenses incidental to the acquisition or disposal of fixed assets investments are charged to Capital Reserves via the Capital Account;
- costs of professional advice relating to the capital structure of the Company are charged to Capital Reserves (see note 2(c)(xi));
- 100% of management fees, invoiced to the Company in respect of certain Private Equity investments, are allocated to Capital Reserves, via the Capital Account, in accordance with the Board's long-term expected split of returns from those investments;
- 75% of other management fees and finance costs are allocated to Capital Reserves via the Capital Account, in accordance with the Board's long-term expected split of returns from the investment portfolio (excluding Private Equity investments) of the Company.

All expenses are accounted for on an accruals basis.

(viii) Taxation

Taxation currently payable is calculated using tax rules and rates in force at the year end, based on taxable profit for the period which differs from the net return before tax. Note 7(b) sets out those items which are not subject to UK Corporation Tax.

Deferred tax is provided for in accordance with FRS102 on all timing differences that have been enacted by the Balance Sheet date and are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the Revenue Account, then no tax relief is transferred to the Capital Account.

(ix) Dividends payable

Dividends are included in the financial statements on the date on which they are paid or, in the case of final dividends, when they are approved by shareholders.

(x) Capital Redemption Reserve

This is a non-distributable reserve. The nominal value of ordinary share capital repurchased for cancellation is transferred out of Share Capital and into the Capital Redemption Reserve, on a trade date basis. Where shares are repurchased into treasury, the transfer of nominal value to the Capital Redemption Reserve is made if and when the shares are cancelled.

(xi) Capital Reserves

These are distributable reserves which may be utilised for the repurchase of share capital and for distributions to shareholders by way of dividend.

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposal of fixed asset investments and derivatives;
- realised exchange differences of a capital nature;
- costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this account in accordance with the above policies; and
- costs of repurchasing ordinary share capital into treasury or for cancellation, including related stamp duty, are recognised on a trade date basis.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed asset investments and derivatives held at the year end; and
- unrealised exchange differences of a capital nature.

(xii) Revenue reserve

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

(xiii) 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 areas requiring the most significant judgement and estimation in the preparation of the financial statements are: accounting for the value of unquoted investments and recognising and classifying unusual or special dividends received as either revenue or capital in nature.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The policy for valuation of unquoted securities is set out in note 2(c)(ii) and further information on Board procedures is contained in the Report of the Audit Committee and note 26(d). The choice to only apply cash flows in the roll forward process is a judgment made each year for the indirect investments. Material judgments were applied to the valuation of the Company's direct investment, Inflexion Strategic Partners. This investment was valued using an earnings method multiplied by an average of European listed comparable companies multiple (where the judgement of which comparable companies to select and what discounts to apply are subjective). This resulted in an uplift of £3.8m. The fair value of unquoted (Level 3) investments, as disclosed in note 10 to the accounts, represented 11.5% of total investments at 31 December 2022. In the opinion of the Directors, under foreseeable market conditions the collective value of such investments may rise or fall in the short term by more than 25%. A fall of 25% in the value of the unlisted (Level 3) portfolio at the year-end would equate to £144m or 3.1% of net assets and a similar percentage rise should be construed accordingly.

We have considered the impact of climate change on the value of both the listed and private equity investments included in the Report and Accounts. The listed investments should already include the impact in their prices as quoted on the relevant exchange and consistent with that view, we do not believe the impact on the private equity investments would be material as underlying GP's take ESG, including climate change factors, into account during their processes.

Dividends received which appear to be unusual in size or circumstance are assessed on a case-by-case basis, based on interpretation of the investee companies' relevant statements, to determine their allocation in accordance with the SORP to either the Revenue Account or Capital Account. Dividends which have clearly arisen out of the investee company's reconstruction or reorganisation are usually considered to be capital in nature and allocated to Capital Account. Investee company dividends which appear to be paid in excess of current year profits will still be considered as revenue in nature unless evidence suggests otherwise. The value of dividends received in the year treated as capital in nature, as disclosed in note 19, was not material in relation to capital reserves or the revenue account. The value of special dividends receivable in any period cannot be foreseen as such dividends are declared and paid by investee companies and funds without prior reference to the Company.

3. INCOME

	2022 £'000s	2021 £'000s
Income from investments:		
UK dividends	**7,582**	8,059
Overseas dividends	**86,686**	69,559
	94,268	77,618
Other Income:		
Interest on cash and short-term deposits	**1,967**	7
Other Income	**–**	4
	1,967	11
Total income	**96,235**	77,629

Included within income from investments is £1,576,000 (2021: £1,425,000) of special dividends classified as revenue in nature in accordance with note 2(c)(xii).

4. MANAGEMENT FEES

		2022 £'000s	2021 £'000s
Payable directly to Columbia Threadneedle Investments:			
– in respect of management services provided by the Manager	(i)	**14,113**	14,760
– reimbursement in respect of services provided by sub-managers	(i)	**4,216**	4,980
Total directly incurred management fees		**18,329**	19,740
Incurred indirectly within funds managed by Private Equity managers	(ii)	**2,614**	3,082
Total direct and indirect management fees		**20,943**	22,822

(i) 75% of these fees allocated to capital reserve arising on investments sold. See note 2(c)(vii).

(ii) Indirectly incurred fees are included within the value of the respective funds and are not invoiced to or paid for by the Company. The fees are disclosed here for completeness and transparency.

Directly incurred fees are analysed as follows:

Management fees	2022 £'000s	2021 £'000s
– payable directly to Columbia Threadneedle Investments	**18,329**	19,740
Less: allocated to capital reserves (see note 19)	**(13,747)**	(14,805)
Allocated to revenue account	**4,582**	4,935

(a) Management fees payable to Columbia Threadneedle Investments

The Manager provides investment management, company secretarial, financial, marketing and general administrative services to the Company under the terms of an agreement which may be terminated upon six months' notice given by either party. In the event of a change of control of the Manager, the Company may give three months' notice of termination.

The Manager's remuneration is based on a fee of 0.325% 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 on a pro rata basis (2021: 0.35% 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); the fee is adjusted for fees earned by the Manager in respect of investment holdings managed or advised by the Manager or other members of the Columbia Threadneedle Investments Group. Variable fees payable in respect of third-party sub-managers are also reimbursed.

(b) Management fees payable to the Private Equity funds of funds managers

At 31 December 2022 the Company had outstanding commitments in 36 Private Equity funds (2021: 39) (see note 23). Fees in respect of Private Equity funds are based on capital commitments and are charged quarterly against the underlying investments in those funds. The fees are not directly incurred by the Company and are disclosed for information purposes only. The fee rates applying during 2022 varied from 0.10% per annum to 2.50% per annum (2021: 0.10% to 2.50%).

PE Investment Holdings 2018 LP pays an annual fee of £1,000 to the General Partner. This is not directly incurred by the Company but included in the underlying value of the investment.

5. OTHER EXPENSES

	2022 £'000s	2021 £'000s
Other revenue expenses		
Auditor's remuneration:		
for audit and audit-related assurance services(1)	**148**	140
Custody fees	**494**	523
Depositary fees	**201**	207
Directors' emoluments (see Remuneration Report on pages 65 to 68):		
Fees for services to the Company	**387**	385
Subscriptions	**21**	21
Directors' and officers' liability insurance	**80**	45
Marketing	**3,006**	1,083
Loan commitment and arrangement fees(2)	**293**	243
Registrars fees	**156**	133
Professional charges	**202**	271
Printing and postage	**191**	138
Sundry expenses	**388**	311
Total other revenue expenses	**5,567**	3,500
Other capital expenses	**46**	57
Total other expenses	**5,613**	3,557

All expenses are stated gross of irrecoverable VAT, where applicable.

(1) Total auditor's remuneration for audit services, exclusive of VAT, amounted to £143,000, (2021: £134,000 exclusive of VAT, of which £5,000 related to the prior year). Irrecoverable VAT of £5,000 (2021: £6,000) is included within the table above. There were no non-audit services paid to EY in the year (2021: none).

(2) Under loan facility agreements (see note 13) the Company pays commitment fees on any undrawn portions of the facilities.

6. FINANCE COSTS

	2022 £'000s	2021 £'000s
Debenture stock	**24**	24
Loans	**13,891**	10,845
Overdrafts	**66**	244
	13,981	11,113
Less: allocated to capital reserves (see note 2(c)(vii) and note 19)	**(10,486)**	(8,335)
Allocated to revenue account	**3,495**	2,778

	2022 £'000s	2021 £'000s
The interest on the debenture stock, loans and overdrafts is further analysed as follows:		
Loans and overdrafts repayable within one year, not by instalments (see note 13)	**768**	1,669
Debenture and loans repayable after more than one year, not by instalments (see notes 15 and 16)	**13,213**	9,444
	13,981	11,113

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the year

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Overseas taxation	**10,383**	**–**	**10,383**	7,740	–	7,740
Indian tax on capital gains	**–**	**551**	**551**	–	138	138
Total taxation (see note 7(b))	**10,383**	**551**	**10,934**	7,740	138	7,878

The tax assessed for the year is lower (2021: lower) than the standard rate of Corporation Tax in the UK.

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	Capital £'000s	2022 Total £'000s	Revenue £'000s	Capital £'000s	2021 Total £'000s
Net return on ordinary activities before taxation	**82,978**	**(563,421)**	**(480,443)**	66,240	860,916	927,156
Net return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2021: same)	**15,766**	**(107,050)**	**(91,284)**	12,586	163,574	176,160
Effects of:						
Dividends[1]	**(17,911)**	**–**	**(17,911)**	(14,747)	–	(14,747)
Exchange losses[1]	**(74)**	**–**	**(74)**	33	–	33
Capital returns[1]	**–**	**102,437**	**102,437**	–	(167,981)	(167,981)
Expenses not deductible for tax purposes	**279**	**9**	**288**	100	11	111
Expenses not utilised in the year	**1,940**	**4,604**	**6,544**	2,028	4,396	6,424
Overseas tax in excess of double taxation relief	**10,383**	**–**	**10,383**	7,740	–	7,740
Indian tax on capital gains[2]	**–**	**551**	**551**	–	138	138
Total taxation (see note 7(a))	**10,383**	**551**	**10,934**	7,740	138	7,878

(1) These items are not subject to Corporation Tax within an investment trust company.

(2) The Company is liable to taxation in India on gains realised on the sale of securities within 12 months of purchase. The tax is allocated to Capital Reserve as it relates to capital transactions.

The Company has an unrecognised deferred tax asset of £90.8 million (2021: £84.2 million) in respect of unutilised expenses at 31 December 2022 which has not been recognised in the financial statements as it is unlikely to be utilised in the foreseeable future. Of this amount £32.4 million (2021: £30.4 million) relates to revenue expenses and £58.4 million (2021: £53.8 million) to capital expenses.

8. NET RETURN PER SHARE

	2022 pence	2022 £'000s	2021 pence	2021 £'000s
Total return	**(94.22)**	**(491,377)**	172.73	919,278
Revenue return	**13.92**	**72,595**	10.99	58,500
Capital return	**(108.14)**	**(563,972)**	161.74	860,778
Weighted average ordinary shares in issue, excluding shares held in treasury – number		**521,526,881**		532,196,543

9. DIVIDENDS

Dividends on ordinary shares	Record date	Payment date	2022 £'000s	2021 £'000s
2020 Third interim of 2.90p	3-Jan-2021	1-Feb-2021	–	15,563
2020 Final of 3.40p	16-Apr-2021	13-May-2021	–	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	16,654	–
2022 Second interim of 3.20p	7-Oct-2022	1-Nov-2022	16,596	–
			68,983	65,578

A third interim dividend of 3.20p was paid on 1 February 2023 to all shareholders on the register on 6 January 2023.

The Directors have proposed a final dividend in respect of the year ended 31 December 2022 of 3.90p payable on 11 May 2023 to all shareholders on the register at close of business on 11 April 2023. The total dividends paid and payable in respect of the financial year for the purposes of the income retention test for Section 1159 of the Corporation Tax Act 2010 are set out below.

	2022 £'000s	2021 £'000s
Revenue available for distribution by way of dividends for the year	72,595	58,500
First interim dividend for the year ended 31 December 2022 – 3.20p per share (2021: 3.00p)	(16,654)	(15,967)
Second interim dividend for the year ended 31 December 2022– 3.20p per share (2021: 3.00p)	(16,596)	(15,902)
Third interim dividend for the year ended 31 December 2022 – 3.20p per share (2021: 3.00p)	(16,589)	(15,804)
Proposed final dividend for the year ended 31 December 2022 – 3.90p per share (2021: 3.80p)	(20,218)	(19,929)
(estimated cost based on 518,411,856 shares in issue at 6 March 2023, excluding shares held in treasury)		
Estimated amount transferred to/(from) revenue reserve for Section 1159 purposes(1)	2,538	(9,102)

All dividends are paid from revenue.
(1) Represents 3% of total income as stated in note 3 (2021: -12%)

The table below reflects the revenue reserve after adjusting for the third interim and final dividends for the years to 31 December 2022 and 31 December 2021.

	2022 £'000s	2021 £'000s
Revenue reserve at 31 December (per Balance Sheet)	97,464	93,852
Third interim dividend for the year ended 31 December 2022 – 3.20p per share (2021: 3.00p)	(16,589)	(15,804)
Proposed final dividend for the year ended 31 December 2022 – 3.90p per share (2021: 3.80p)	(20,218)	(19,929)
Adjusted revenue reserve at 31 December	60,657	58,119

10. INVESTMENTS

Investments	Level 1(1) £'000s	Level 3(1) £'000s	2022 Total £'000s	Level 1(1) £'000s	Level 3(1) £'000s	2021 Total £'000s
Cost at 1 January	**3,929,156**	**442,353**	**4,371,509**	3,294,199	398,619	3,692,818
Unrealised gains/(losses) at 1 January	**1,330,795**	**76,819**	**1,407,614**	1,187,434	(23,884)	1,163,550
Fair value of investments at 1 January	**5,259,951**	**519,172**	**5,779,123**	4,481,633	374,735	4,856,368
Purchases at cost	**2,013,522**	**57,617**	**2,071,139**	2,437,570	85,979	2,523,549
Sales proceeds	**(2,282,107)**	**(56,438)**	**(2,338,545)**	(2,405,486)	(75,170)	(2,480,656)
Gains on investments sold	**183,903**	**36,146**	**220,049**	602,873	32,925	635,798
(Losses)/gains on investments held	**(766,477)**	**18,668**	**(747,809)**	143,361	100,703	244,064
Fair value of investments at 31 December	**4,408,792**	**575,165**	**4,983,957**	5,259,951	519,172	5,779,123
Analysed at 31 December						
Cost	**3,844,474**	**479,678**	**4,324,152**	3,929,156	442,353	4,371,509
Unrealised gains	**564,318**	**95,487**	**659,805**	1,330,795	76,819	1,407,614
Fair value of investments at 31 December	**4,408,792**	**575,165**	**4,983,957**	5,259,951	519,172	5,779,123

(Losses)/gains on investments held at fair value	2022 £'000s	2021 £'000s
Gains on investments sold during the year	**220,049**	635,798
(Losses)/gains on investments held at year end	**(747,809)**	244,064
Total (losses)/gains on investments	**(527,760)**	879,862

Investments sold during the year have been revalued over time since their original purchase, and until they were sold any unrealised gain or loss was included in the fair value of investments.

(1) The hierarchy of investments and derivative instruments is described in note 2(c)(i) and below.

No investments held in 2022 or 2021 were valued in accordance with Level 2.

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. These also include gilts of approximately £60m.

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.

Investments managed or advised by Columbia Threadneedle Investments

The portfolio of investments, excluding unquoted investments, did not include at any time during the year any funds or investments managed or advised by Columbia Threadneedle Investments (2021: none). Under the terms of the Company's Management Agreement with the Manager set out in note 4, the management fee is adjusted for fees earned by the Manager on all such holdings.

Unquoted investments

Unquoted investments include £574.9 million (2021: £518.9 million) of investments described as Private Equity, together with £0.3 million (2021: £0.3 million) of other partnerships, the underlying portfolios of which principally comprise unlisted investments. These are valued in accordance with the policies set out in note 2(c)(ii).

It is in the nature of Private Equity and similar unquoted investments that they may be loss making, with no certainty of survival, and that they may prove difficult to realise. The concept of "fair value" as applied to such investments is not precise and their ultimate realisation may be at a value materially different from that reflected in the accounts. Further details on the valuation process in respect of Private Equity investments can be found in note 26(d).

11. SUBSTANTIAL INTERESTS

At 31 December 2022 the Company held more than 3% of one class of the capital of the following undertakings held as investments, none of which, in the opinion of the Directors, provide the Company with significant influence.

Investment and share class	Country of registration, incorporation and operation	Holding[1] %
Private Equity Funds		
Dover Street VI LP	USA	11.12
HarbourVest Partners VII – Buyout Partnership Fund LP	USA	3.86
HIPEP V – Direct Fund LP	USA	15.66
HarbourVest Partners V – Asia Pacific and Rest of World LP	USA	4.74
HIPEP VI – Emerging Markets Fund	USA	12.06
HIPEP VI – Asia Pacific Fund LP	USA	4.93
Pantheon Europe Fund III LP	USA	44.41
Pantheon Europe Fund V LP	Scotland	9.29
Pantheon Asia Fund IV LP	Channel Islands	8.40
Pantheon Asia Fund V LP	Channel Islands	6.19
Pantheon Global Secondary Fund III LP	Scotland	3.50
Graycliff	USA	4.78
Volpi Capital	Europe	4.28
Maison Capital	China	4.84
MVM	USA/Europe	4.10
PE Investment Holdings 2018 LP*	Scotland	100.00
Other Investments		
Esprit Capital Fund 1 LP	England	10.80

[1] The Company neither has a controlling interest nor significant influence in the management of any of these undertakings. The Board has no participation in the investment decision making process as this lies solely with the General Partner.

The valuation of those holdings greater than 10% are: Dover Street VI LP: £170,000; HIPEP V – Direct Fund LP: £340,000; HIPEP VI – Emerging Markets Fund: £15,501,000; Pantheon Europe Fund III LP: £1,847,000; PE Investment Holdings 2018 LP: £235,707,000; Esprit Capital Fund 1 LP: £305,000
The Company had no subsidiaries at any time during the year.

*In 2018 the Company signed a Limited Partnership agreement in which it holds 100% of the Limited Partner share in PE Investment Holdings 2018 LP and Columbia Threadneedle Investments holds the General Partner interest. The Partnership was set up to partake in Private Equity investments. The Board has no participation in the investment decision making process as this lies solely with the General Partner and therefore no consolidated financial statements are prepared. The registered address of PE Investment Holdings 2018 LP is 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

The profit for the year ended 31 December 2022 in the LP was £64.0m and the Capital and Reserves was £235.7m.

The outstanding commitment is shown in note 23.

12. DEBTORS

	2022 £'000s	2021 £'000s
Investment debtors	**425**	420
Forward exchange contracts*	**737**	–
Prepayments and accrued income	**4,887**	3,761
Overseas taxation recoverable	**5,012**	4,086
	11,061	8,267

* Forward exchange contracts with a net unrealised capital gain of £737,000 (2021: net unrealised capital loss of £4,806,000) were valued in accordance with level 2. See notes 2(c)(i), 14 and 26(c).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Loans Non-instalment debt payable on demand or within one year	2022 £'000s	2021 £'000s
€72 million repayable July 2022	**–**	60,452
Sterling loan £50 million repayable January 2022	**–**	50,000
	–	110,452

In July 2015 the Company entered into a loan arrangement facility drawing loans in Euros, equivalent at that date to £50 million, at commercial fixed interest rates. This was repaid in July 2022. At 31 December 2021 there was £50 million drawn down under the £150 million unsecured revolving credit facility, which was repaid in March 2022. This facility expired in September 2022 and was not renewed.

The total market value of the short-term loans at 31 December 2022 was £nil (2021: £110,832,000 based on the equivalent benchmark gilts or relevant commercially available current debt).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other	2022 £'000s	2021 £'000s
Investment creditors	**2,933**	42
Forward exchange contracts	**–**	4,806
Management fees payable to the Manager	**1,863**	2,241
Cost of ordinary shares repurchased	**–**	784
Other accrued expenses	**2,394**	1,404
	7,190	9,277

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Loans Non-instalment debt payable after more than one year	2022 £'000s	2021 £'000s
2.80% Loan notes £25 million repayable June 2028	**25,000**	25,000
3.16% Loan notes £50 million repayable June 2031	**50,000**	50,000
2.92% Loan notes £75 million repayable May 2048	**75,000**	75,000
0.93% Loan notes €42 million repayable June 2026	**37,264**	35,263
2.59% Loan notes £57 million repayable June 2042	**57,000**	57,000
2.69% Loan notes £37 million repayable June 2049	**37,000**	37,000
2.72% Loan notes £20 million repayable June 2059	**20,000**	20,000
2.09% Loan notes £50 million repayable June 2036	**50,000**	50,000
2.15% Loan notes £50 million repayable June 2038	**50,000**	50,000
2.33% Loan notes £40 million repayable June 2056	**40,000**	40,000
2.06% Loan notes £50 million repayable March 2037	**50,000**	–
1.96% Loan notes £45 million repayable March 2056	**45,000**	–
1.87% Loan notes £45 million repayable March 2061	**45,000**	–
	581,264	439,263

In June 2016 the Company issued fixed rate senior unsecured notes in tranches of £25 million and £50 million sterling denominated loan notes expiring in June 2028 and June 2031 respectively. In May 2018 the Company issued fixed rate senior unsecured notes of £75 million sterling denominated loan notes expiring in May 2048. In June 2019 the Company issued fixed rate senior unsecured notes in tranches of EUR42 million, £57 million, £37 million and £20 million expiring in June 2026, June 2042, June 2049 and June 2059 respectively. In June 2021 the Company issued fixed rate senior unsecured notes in tranches of £50 million, £50 million and £40 million expiring in June 2036, June 2038 and June 2056 respectively. 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.

The market value of the long-term loans at 31 December 2022 was £399,134,000 based on the equivalent benchmark gilts or relevant commercially available current debt (2021: £458,896,000).

At 6 March 2023, long-term borrowings comprised £544 million loan notes and €42 million loan notes.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Debenture	2022 £'000s	2021 £'000s
4.25% perpetual debenture stock – secured	**575**	575

The 4.25% perpetual debenture stock, which was issued in 1960, is listed on the London Stock Exchange and secured by floating charges over the assets of the Company. The market value of the debenture stock at 31 December 2022 was £429,000 (2021: £429,000).

17. SHARE CAPITAL

2022	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid nominal £'000s
Ordinary shares of 25p each				
Balance brought forward	**35,035,876**	**526,783,140**	**561,819,016**	**140,455**
Shares repurchased by the Company and held in treasury	**8,371,284**	**(8,371,284)**	**–**	**–**
Balance carried forward	**43,407,160**	**518,411,856**	**561,819,016**	**140,455**

2021	Shares held in treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Issued and fully paid Nominal £'000s
Ordinary shares of 25p each				
Balance brought forward	25,172,380	536,646,636	561,819,016	140,455
Shares repurchased by the Company and held in treasury	9,863,496	(9,863,496)	–	–
Balance carried forward	35,035,876	526,783,140	561,819,016	140,455

During the year the Company bought back 8,371,284 ordinary shares at a total cost of £70,749,000, all of which were placed in treasury.

Since the year end, and up to 6 March 2023, no further ordinary shares of 25p each have been repurchased.

18. CAPITAL REDEMPTION RESERVE

	2022 £'000s	2021 £'000s
Balance brought forward and carried forward	**122,307**	122,307

19. OTHER RESERVES

	Capital reserve arising on investments sold £'000s	Capital reserve arising on investments held £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Gains and losses transferred in current year:				
Gains on investments and derivatives sold (see note 10)	220,049	–	220,049	–
Losses on investments held at year end (see note 10)	–	(747,809)	(747,809)	–
Exchange movements on foreign currency loans, cash balances and derivatives	(51,042)	39,660	(11,382)	–
Management fees (see note 4)	(13,747)	–	(13,747)	–
Finance costs (see note 6)	(10,486)	–	(10,486)	–
Other capital charges (see note 5)	(46)	–	(46)	–
Indian capital gains tax (see note 7)	(551)	–	(551)	–
Net revenue return attributable to shareholders	–	–	–	72,595
Total gains and losses transferred in current year	144,177	(708,149)	(563,972)	72,595
Cost of ordinary shares repurchased in year (see note 17)	(70,749)	–	(70,749)	–
Dividends paid in year (see note 9)	–	–	–	(68,983)
Balance brought forward	3,519,393	1,404,927	4,924,320	93,852
Balance carried forward	3,592,821	696,778	4,289,599	97,464

Included within the capital reserve movement for the year is £459,000 (2021: £1,526,000) of dividend receipts recognised as capital in nature in accordance with note 2(c)(xii). £1,247,000 of transaction costs on purchases of investments are included within the capital reserve movements disclosed above (2021: £1,343,000). £726,000 of transaction costs on sales of investments are similarly included (2021: £782,000).

20. NET ASSET VALUE PER ORDINARY SHARE

	2022	2021
Net asset value per share – pence	896.94	1,002.49
Net assets attributable at end of period – £'000s	4,649,825	5,280,934
Ordinary shares of 25p in issue at end of year, excluding shares held in treasury – number	518,411,856	526,783,140

Net asset value per share (with the debenture stock and long-term loans at market value – see notes 15 and 16) was 932.10p (2021: 998.72p).

21. RECONCILIATION OF NET RETURN BEFORE TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

	2022 £'000s	2021 £'000s
Net return on ordinary activities before taxation	**(480,443)**	927,156
Adjust for non-cash flow items, dividend income and interest expense:		
Losses/(gains) on investments	**527,760**	(879,862)
Exchange losses/(profits)	**10,995**	(4,075)
Non-operating expenses of a capital nature	**46**	57
(Increase)/decrease in debtors	**(310)**	60
Decrease in creditors	**(122)**	(61)
Dividends receivable	**(94,268)**	(77,618)
Interest payable	**13,981**	11,113
Tax on overseas income	**(11,703)**	(4,346)
	446,379	(954,732)
Cash flows from operating activities (before dividends received and interest paid)	**(34,064)**	(27,576)

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22. ANALYSIS OF CHANGES IN NET DEBT

	Cash £'000s	Short-term loans £'000s	Long-term loans £'000s	Debenture £'000s	Forward exchange contracts £'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 loans	**–**	**110,329**	**–**	**–**	**–**	**110,329**
Net movement in cash and cash equivalents	**205,385**	**–**	**–**	**–**	**–**	**205,385**
Non-cash:						
Effect of foreign exchange movements	**(14,660)**	**123**	**(2,001)**	**–**	**5,543**	**(10,995)**
Closing net debt as at 31 December 2022	**243,836**	**–**	**(581,264)**	**(575)**	**737**	**(337,266)**

	Cash £'000s	Short term loans £'000s	Long-term loans £'000s	Debenture £'000s	Forward exchange contracts £'000s	Total £'000s
Opening net debt as at 31 December 2020	46,654	(40,000)	(366,041)	(575)	9,061	(350,901)
Cash-flows:						
Drawdown of loans	–	(130,000)	(140,000)	–	–	(270,000)
Repayment of loans	–	120,000	–	–	–	120,000
Transfer of loan from long-term to short term	–	(61,407)	61,407	–	–	–
Net movement in cash and cash equivalents	(5,159)	–	–	–	–	(5,159)
Non-cash:						
Effect of foreign exchange movements	11,616	955	5,371	–	(13,867)	4,075
Closing net debt as at 31 December 2021	53,111	(110,452)	(439,263)	(575)	(4,806)	(501,985)

23. CAPITAL COMMITMENTS

The Company had the following outstanding capital commitments at the year end:

	2022 Currency	2021 Currency	2022 £'000s	2021 £'000s
Managed by Harbourvest:				
HarbourVest Partners VII:				
– Buyout Partnership Fund LP	**US$4.3m**	US$4.3m	**3,566**	3,167
– Venture Partnership Fund LP	**US$0.5m**	US$0.5m	**436**	388
– Mezzanine Fund LP	**US$0.7m**	US$0.7m	**599**	532
Dover Street VI LP	**US$3.1m**	US$3.1m	**2,583**	2,294
Dover Street VII LP	**US$3.2m**	US$3.2m	**2,650**	2,353
HarbourVest Partners V – Asia Pacific and Rest of World LP	**US$1.5m**	US$1.5m	**1,247**	1,107
HarbourVest Partners VIII:				
– Buyout Partnership Fund LP	**US$1.8m**	US$1.8m	**1,496**	1,329
– Venture Partnership Fund LP	**US$0.8m**	US$0.8m	**665**	591
HIPEP V – Direct Fund LP	**€2.1m**	€2.1m	**1,830**	1,732
HIPEP VI – Asia Pacific Fund LP	**US$1.3m**	US$1.3m	**1,039**	923
Managed by Pantheon:				
Pantheon Europe Fund III LP	**€5.4m**	€5.4m	**4,756**	4,500
Pantheon Europe Fund V LP	**€4.5m**	€5.3m	**3,993**	4,450
Pantheon Asia Fund IV LP	**US$2.7m**	US$2.7m	**2,203**	1,956
Pantheon Asia Fund V LP	**US$3.5m**	US$3.7m	**2,889**	2,713
Pantheon Global Secondary Fund III LP	**US$2.4m**	US$2.4m	**2,037**	1,809
Pantheon Access SICAV(2)	**US$266.0m**	US$113.3m	**221,091**	83,658
Selected by Columbia Threadneedle Investments:				
Esprit Capital Fund I LP	**£0.27m**	£0.27m	**265**	265
Astorg VI(1)	**€1.1m**	€1.1m	**994**	940
Inflexion Supplemental IV(1)	**£0.0m**	£0.1m	**–**	61
August Equity IV(1)	**£0.2m**	£0.5m	**198**	469
DBAG Fund VII(1)	**€0.0m**	€0.4m	**–**	304
Procuritas VI(1)	**€0.9m**	€2.3m	**791**	1,968
Warburg Pincus China Fund(1)	**US$0.0m**	US$0.0m	**–**	12
Stellex Capital(1)	**US$0.0m**	US$0.0m	**9**	8
Centana(1)	**US$0.3m**	US$0.5m	**211**	377
Graycliff(1)	**US$1.3m**	US$1.3m	**1,065**	946
Volpi Capital(1)	**€0.0m**	€0.1m	**27**	87
MidOcean(1)	**US$0.0m**	US$1.2m	**–**	854
Maison Capital(1)	**US$0.1m**	US$0.6m	**46**	473
Inflexion Partnership Capital II(1)	**£1.4m**	£1.8m	**1,374**	1,806
Inflexion Buyout Fund V(1)	**£0.4m**	£0.7m	**425**	696
PE Investment Holdings 2018 LP(1)(2)	**£186.6m**	£29.1m	**186,618**	29,118
Verdane Edda(1)	**SEK 15.1m**	SEK 15.1m	**1,204**	1,230
MVM(1)	**US$3.0m**	US$7.7m	**2,470**	5,696
Inflexion Supplemental V(1)	**£3.6m**	£4.0m	**3,587**	4,020
Graycliff IV(1)	**US$5.1m**	US$6.6m	**4,249**	4,864
Centana II(1)	**US$3.0m**	US$4.1m	**2,472**	3,063
MED Platform(1)	**€1.7m**	€1.9m	**1,472**	1,589
Inflexion Buyout Fund VI(1)	**£14.7m**	£15.0m	**14,748**	15,000
Hg Saturn 3(1)	**US$10.0m**	–	**8,313**	–
			483,618	187,348

(1) Columbia Threadneedle Investments is responsible for the selection and oversight of these funds, within the terms of its management agreement with the Company.

(2) Additional commitments were made in the year to Pantheon Access SICAV and PE Investment Holdings 2018 LP of US$180m and £180m respectively.

24. RELATED PARTY TRANSACTIONS

The following are considered related parties: the Board of Directors and the Manager (including fellow members of Columbia Threadneedle Investments).

There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Remuneration Report on page 65 and as set out in note 5. There were no outstanding balances with the Board at the year end. There were no transactions with the Ameriprise group other than those detailed: in note 4 on management fees; in note 10, where investments managed or advised by Columbia Threadneedle Investments are disclosed; in note 14 in relation to fees owed to the Manager at the Balance Sheet date; and in the Report of the Management Engagement Committee on page 56 regarding the Management agreement in respect of Private Equity fees and a trademark licence agreements in respect of the "F&C" name.

25. 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 investment policy, the current cash position of the Company, the availability of borrowings and compliance with covenants and the operational resilience of the Company and its service providers. More information on the Board's assessment is provided on pages 42 and 43.

26. FINANCIAL RISK MANAGEMENT

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the UK as an investment trust under the provisions of Section 1158 of the Corporation Tax Act 2010. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of investments.

The Company's objective is to secure long-term growth in capital and income through a policy of investing primarily in an internationally diversified portfolio of publicly listed equities, as well as unlisted securities and Private Equity, with the use of gearing. In pursuing the objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board of Directors, together with the Manager, is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) on the following pages.

The significant accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 to the accounts. The policies are in compliance with UK Accounting Standards and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) on page 105 and in notes 13, 15 and 16 in respect of loans and the perpetual debenture stock. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities, including any derivatives, held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies, interest rates and other macroeconomic, market and financial issues, including the market perception of future risks. The Board's policies for managing these risks within the Company's objective are set out on page 31. The Board meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. Foreign currency borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in foreign exchange rates. The debenture deed and loan contracts are agreed and signed by the Board and compliance with the agreements is monitored by the Board at each meeting. Gearing may be short or long-term in sterling and foreign currencies, and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

Currency Exposure

The carrying value of the Company's assets and liabilities at 31 December, by currency, are shown below:

2022	Short-term debtors £'000s	Cash and deposits £'000s	Debentures £'000s	Unsecured loans £'000s	Short-term creditors £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	910	140,518	(575)	(544,000)	(3,619)	(406,766)	655,131	248,365
US Dollar	5,223	78,890	–	–	(2,872)	81,241	2,909,773	2,991,014
Euro	3,088	19,682	–	(37,264)	(5)	(14,499)	416,633	402,134
Yen	465	3,445	–	–	(454)	3,456	348,674	352,130
Other	1,375	1,301	–	–	(240)	2,436	653,746	656,182
Total	11,061	243,836	(575)	(581,264)	(7,190)	(334,132)	4,983,957	4,649,825

2021	Short-term debtors £'000s	Cash and deposits £'000s	Debentures £'000s	Unsecured loans £'000s	Short-term creditors £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	643	30,576	(575)	(454,000)	(3,292)	(426,648)	600,273	173,625
US Dollar	3,514	17,490	–	–	(5,757)	15,247	3,452,574	3,467,821
Euro	2,355	1,600	–	(95,715)	(186)	(91,946)	527,843	435,897
Yen	611	2,845	–	–	(42)	3,414	401,020	404,434
Other	1,144	600	–	–	–	1,744	797,413	799,157
Total	8,267	53,111	(575)	(549,715)	(9,277)	(498,189)	5,779,123	5,280,934

The principal currencies to which the Company was exposed were the US Dollar, Euro and Yen. The exchange rates applying against sterling at 31 December, and the average rates during the year, were as follows:

	2022	Average	2021
US Dollar	1.2029	1.2405	1.3545
Euro	1.1271	1.1718	1.1910
Yen	158.7167	161.2491	155.9717

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Based on the financial assets and liabilities held adjusted for the underlying gross exposure value of the forward exchange contracts against USD, and exchange rates applying at each Balance Sheet date, a weakening or strengthening of sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on NAV per share:

Weakening of sterling	US$ £'000s	€ £'000s	2022 ¥ £'000s	US$ £'000s	€ £'000s	2021 ¥ £'000s
Income Statement Return after tax						
Revenue return	**3,771**	**1,221**	**787**	3,119	874	656
Capital return	**297,120**	**40,214**	**35,213**	327,859	43,590	40,443
Total return	**300,891**	**41,435**	**36,000**	330,978	44,464	41,099
NAV per share – pence	**58.04**	**7.99**	**6.94**	62.83	8.44	7.80

Strengthening of sterling	US$ £'000s	€ £'000s	2022 ¥ £'000s	US$ £'000s	€ £'000s	2021 ¥ £'000s
Income statement return after tax						
Revenue return	**(3,771)**	**(1,221)**	**(787)**	(3,119)	(874)	(656)
Capital return	**(297,120)**	**(40,214)**	**(35,213)**	(327,859)	(43,590)	(40,443)
Total return	**(300,891)**	**(41,435)**	**(36,000)**	(330,978)	(44,464)	(41,099)
NAV per share – pence	**(58.04)**	**(7.99)**	**(6.94)**	(62.83)	(8.44)	(7.80)

These analyses are broadly representative of the Company's activities during the current and prior years as a whole, although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 31 December is shown below:

	Within one year £'000s	More than one year £'000s	2022 Total £'000s	Within one year £'000s	More than one year £'000s	2021 Total £'000s
Exposure to floating rates						
Cash	**144,096**	**–**	**144,096**	27,798	–	27,798
Exposure to fixed rates						
Deposits	**99,740**	**–**	**99,740**	25,313	–	25,313
Gilts	**59,424**	**–**	**59,424**	–	–	–
Debentures	**–**	**(575)**	**(575)**	–	(575)	(575)
Other borrowings	**–**	**(581,264)**	**(581,264)**	(110,452)	(439,263)	(549,715)
Net exposure at year end	**303,260**	**(581,839)**	**(278,579)**	(57,341)	(439,838)	(497,179)

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates. The interest rate applying on the debenture stock is set out in note 16. There were fixed interest investment securities of approximately £60m at the year end.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings, except in respect of the debenture, loans and Gilts (see notes 10, 13, 15 and 16), on which the interest rates are fixed.

Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have the following approximate effects on the Income Statement revenue and capital returns after tax and on the NAV:

		2022		2021
	Increase in rate £'000s	Decrease in rate £'000s	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	**2,881**	**(2,881)**	556	(556)
Capital return	**–**	**–**	–	–
Total return	**2,881**	**(2,881)**	556	(556)
NAV per share – pence	**0.56**	**(0.56)**	0.11	(0.11)

Other market risk exposures
Based on the portfolio of investments held at each Balance Sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the net capital return attributable to equity shareholders and on the NAV:

		2022		2021
	Increase in value £'000s	Decrease in value £'000s	Increase in value £'000s	Decrease in value £'000s
Income statement capital return	**996,791**	**(996,791)**	1,155,825	(1,155,825)
NAV per share – pence	**192.28**	**(192.28)**	219.41	(219.41)

(b) Liquidity risk exposure
The Company is required to raise funds to meet commitments associated with financial instruments, Private Equity investments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large value of the listed investments held in the Company's portfolio (88.5% at 31 December 2022); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio and the ability to meet short term settlements through our custody account and the availability of loan facilities. Cash balances are held with approved banks, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each of its meetings.

The Company has total borrowings of £582 million as set out in notes 15 and 16. Their terms limit the amount which the Company may borrow at any one time as a proportion of the relevant portfolio of investments and cash. The most onerous financial covenant limits total borrowings to 35% of the Company's adjusted net asset value, which at 31 December 2022 was £4,071 million. Actual borrowings at par value at 31 December 2022 were £581.3 million in loans (market value: £399.1 million) (see note 15) and £0.6 million (market value: £0.4 million) in a debenture (see note 16).

At 31 December 2022 the Company had £483.6 million outstanding commitments to Private Equity investments, payable over more than one year (see note 23).

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The contractual maturities of the financial liabilities at each balance sheet date, based on the earliest date on which payment can be required, were as follows:

2022	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other creditors	7,190	–	–	7,190
Long-term liabilities[1] (including interest)	1,372	12,280	861,538	875,190
	8,562	12,280	861,538	882,380

2021	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Forward exchange contracts	4,806	–	–	4,806
Other creditors	115,194	341	–	115,535
Long-term liabilities[1] (including interest)	–	10,890	654,043	664,933
	120,000	11,231	654,043	785,274

(1) See notes 15 and 16 for maturity dates

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. The Board reviews all counterparties used in such transactions, which must be settled on the basis of delivery against payment (except where local market conditions do not permit).

A list of pre-approved counterparties is maintained by the Manager. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Payments in respect of Private Equity investments are made only to counterparties with whom a contracted commitment exists. Cash and deposits are held with approved banks.

The Company has an ongoing contract with the Custodian for the provision of custody services. The contract was reviewed and updated in 2017. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Depositary has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk through regular meetings with the management of Columbia Threadneedle Investments (including the Fund Manager) and with its Risk Management function. In reaching its conclusions, the Board also reviews Columbia Threadneedle Investment's annual Audit and Assurance Faculty Report.

The Company had UK Gilts of approximately £60m in its portfolio at the year end (2021: none). None of the Company's financial assets are past its due date or impaired.

During the year the Company reduced the forward exchange contract from approximately £200m in sterling to £20m against the US dollar. At 31 December 2022 there was a net unrealised capital gain of £737,000 (2021: net unrealised capital loss of £4,806,000).

The maximum exposure to credit risk on cash and debtors equates to their carrying amounts as per the balance sheet.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the balance sheet at fair value, or at a reasonable approximation thereof, except for the long-term loans which are carried at amortised cost and the debenture which is carried at proceeds less costs, in accordance with Accounting Standards.

The fair values of the long-term loans and debenture at 31 December 2022 are set out in notes 15 and 16. Borrowings under overdraft and short-term loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into sterling at exchange rates ruling at each valuation date.

The fair value of investments quoted on active markets is determined directly by reference to published price quotations in these markets.

Forward currency contracts are valued on the basis of exchange rates for a similar contract for the same residual duration, as provided by the counterparty.

Unquoted investments, including Private Equity investments, are valued based on professional advice and assumptions that are not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques including reference to: net assets; industry benchmarks; cost of investment; roll forward of calls and redemptions; and recent arm's length transactions in the same or similar investments. With respect specifically to investments in Private Equity funds or partnerships, the underlying investment advisers and managers provide regular estimated valuations to the Directors, based on the latest information available to the managers. The Directors review these valuations for consistency with the Company's own accounting policies and with fair value principles. The investment advisers' and managers' estimated valuations relating to the Private Equity funds' period ends are compared annually by the Directors to the final audited annual valuations of those funds to ensure that the managers' valuation techniques gave rise to valid estimates. The Directors were satisfied with the results of this annual review, which took place most recently in June 2022, indicating that the Company can, all things being equal, continue to place reliance on the Private Equity advisers' and managers' estimates and valuation techniques. The Company's direct investment in Inflexion Strategic Partners is valued with reference to an earnings multiple.

(e) Capital risk management

The objective of the Company is stated as being to secure long-term growth in capital and income. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to:

- issue and buy back share capital within limits set by the shareholders in general meeting;
- borrow monies in the short and long terms; and
- pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue and capital reserves.

Changes to ordinary share capital are set out in note 17. Dividend payments are set out in note 9. The Directors have no current intention to pay dividends out of capital reserves. Borrowings are set out in notes 13, 15 and 16.

27. SECURITIES FINANCING TRANSACTIONS ('SFT')

The Company has not, in the year to 31 December 2022 (2021: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the UK regulations on transparency of SFT, issued in November 2015.

28. AIFMD (UNAUDITED)

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM are required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from Columbia Threadneedle Investments on request.

The Company's maximum and actual leverage levels at 31 December 2022 are shown below:

Leverage exposure	**Gross method**	**Commitment method**
Maximum permitted limit	200%	200%
Actual	109%	112%

The Leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Further information on the AIFMD can be found on page 113.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and forty fourth Annual General Meeting of the Company will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Thursday 27 April 2023 at 12.00 noon for the following purposes:

ORDINARY RESOLUTIONS:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Directors' report and the audited accounts for the year ended 31 December 2022.
2. To approve the Directors' remuneration policy.
3. To approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) for the year ended 31 December 2022.
4. To declare a final dividend for the year ended 31 December 2022 of 3.90 pence per ordinary share.
5. To re-elect Beatrice Hollond as a Director.
6. To re-elect Tom Joy as a Director.
7. To re-elect Edward Knapp as a Director.
8. To re-elect Rain Newton-Smith as a Director.
9. To re-elect Quintin Price as a Director.
10. To re-elect Stephen Russell as a Director.
11. To re-elect Julie Tankard as a Director.
12. To re-appoint Ernst & Young LLP as auditors to the Company.
13. To authorise the Audit Committee to determine the remuneration of the auditors.

14. Authority to allot shares.

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being 'relevant securities') up to an aggregate nominal amount of £12,960,296 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company to be held in 2024 or on 30 June 2024, whichever is earlier, unless previously revoked, varied or extended by the Company in a general meeting (the 'relevant period') save that the Company may, at any time prior to the expiry of this authority, make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

SPECIAL RESOLUTIONS:

To consider and, if thought fit, pass the following resolutions as special resolutions:

15. Disapplication of pre-emption rights

THAT, subject to the passing of resolution 14 above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby authorised, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authority conferred by resolution 14 for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale, provided this authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities:

  (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

  so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(b) the allotment (otherwise than under paragraph (a) of this Resolution 15) of equity securities up to an aggregate nominal amount of £12,960,296,

  such authority to expire upon the expiry of the general authority conferred by Resolution 14 above save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted (and treasury shares to be sold) after the expiry of the relevant period and notwithstanding such expiry the Directors may allot equity securities (and sell treasury shares) in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

16. Share buyback authority

THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased shall be 77,709,937 or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;

(b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 25p;

(c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of:

(i) an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased, and

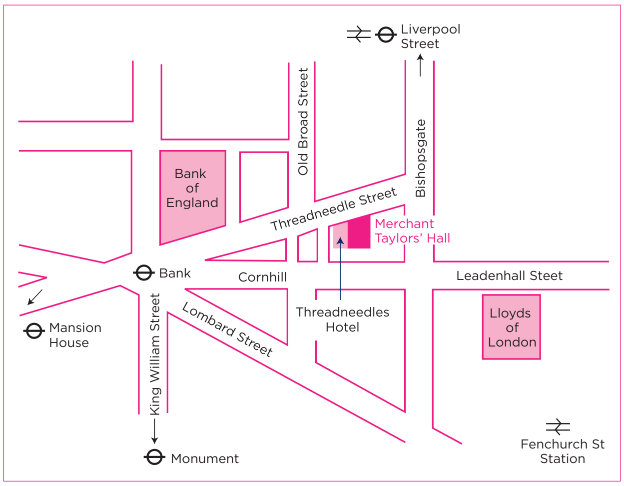
(ii) an amount equal to the higher of the price of the last independent trade for an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;

(d) the authority hereby conferred shall expire on 30 June 2024 unless the authority is renewed at the Company's annual general meeting to be held in 2024 or unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

(e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase ordinary shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase ordinary shares pursuant to any such contract or contracts as if the authority conferred by this resolution had not expired.

By Order of the Board	**Registered office:**
Columbia Threadneedle	**Exchange House**
Investment Business Limited,	**Primrose Street**
Company Secretary	**London EC2A 2NY**
16 March 2023	**Registered number: 12901**

Meeting Location



This year's AGM will again be a "hybrid" meeting, with shareholders and savings plan holders being able to attend the meeting in person or online. This allows many more of our shareholders the opportunity to view the AGM and to participate by asking questions and voting online. Full details of how to do so are set out in your Form of Proxy or Form of Direction. Please read these carefully as failure to complete your form correctly will result in you not being able to vote at the meeting.

Notes:

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.

   Please contact Computershare Investor Services PLC by email on corporate-representatives@computershare.co.uk or alternatively call 0800 923 1506, providing details of your proxy appointment including their email address so that unique credentials can be issued to allow the proxy to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. Lines are open 8.30am to 5.30pm Monday to Friday (excluding bank holidays).

2. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that she has a notifiable obligation under the Disclosure Guidance and Transparency Rules ('DTRs'), the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority ('FCA'). As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs need not make a separate notification to the Company and the FCA.

3. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as their proxy will need to ensure that both they and such person complies with their respective disclosure obligations under the DTRs.

4. A Form of Proxy is provided with this notice for members. If a member wishes to appoint more than one proxy and so requires additional Forms of Proxy, the member should contact Computershare Investor Services PLC on 0800 923 1506. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 12.00 noon on Tuesday 25 April 2023 or two business days before the time of any adjournment. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.

5. Alternatively, members may register the appointment of a proxy for the meeting electronically, by accessing the website eproxyappointment.com where full instructions for the procedure are given. The Control Number, Shareholder Reference and PIN as printed on the Form of Proxy will be required in order to use the electronic proxy appointment system. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC no later than 12.00 noon on Tuesday 25 April 2023 or two business days before any adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. If you wish to appoint more than one proxy electronically please contact Computershare Investor Services PLC on 0800 923 1506.

6. Investors holding shares in the Company through the Columbia Threadneedle Investment Trust ISA, Junior ISA, Child Trust Fund, General Investment Account, Lifetime ISA and/or Junior Investment Account should ensure that Forms of Direction are returned to Computershare Investor Services PLC not later than 12.00 noon on Thursday 20 April 2023. Alternatively, voting directions can be submitted electronically at eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN as printed on the Form of Direction. Voting directions must be submitted electronically no later than 12.00 noon on Thursday 20 April 2023.

7. Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the 'Act') (a 'Nominated Person') should note that the provisions in notes 1, 4 and 5 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

8. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

9. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at close of business on Tuesday 25 April 2023 (the 'Specified Time') (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two business days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered

in their name at that time. If the meeting is adjourned to a time not more than two business days after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on Tuesday 25 April 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by the latest time(s) for receipt of proxy appointments specified in notes 4 and 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (euroclear.com/CREST).

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

Please contact Computershare Investor Services PLC by emailing corporate-representatives@computershare.co.uk providing details of your appointment including their email address, confirmation of the meeting they wish to attend and a copy of the Letter of Representation, so that unique credentials can be issued to allow the corporate representative to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. If documentation supporting the appointment of the corporate representative is supplied later than the deadline for appointment of a proxy (48 hours prior to the meeting), issuance of unique credentials to access the meeting will be issued on a best endeavours basis.

15. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

(a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or

(b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

16. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:

(a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;

(b) if the answer has already been given on a website in the form of an answer to a question; or

(c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. As at 6 March 2023, being the latest practicable date prior to the printing of this notice, the Company's issued capital (less those shares held in treasury) consisted of 518,411,856 ordinary shares of 25 pence each carrying one vote each. Therefore, the total voting rights in the Company as at 6 March 2023 are 518,411,856.

18. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 6 March 2023 being the latest practicable date prior to the printing of this notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at fandc.com.

19. Any electronic address provided either in this notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

20. Copies of the letters of appointment between the Company and its Directors; a copy of the Articles of Association of the Company; the register of Directors' holdings; and a deed poll relating to Directors' indemnities will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Public Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 15 minutes prior to the commencement of the meeting to the conclusion thereof.

21. No Director has a service agreement with the Company.

22. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise. A copy of the Company's privacy policy can be found online at: www.fandc.com.

MANAGEMENT AND ADVISERS

THE MANAGEMENT COMPANY

F&C Investment Trust PLC is managed by Columbia Threadneedle Investment Business Limited (the 'Manager'), a wholly-owned subsidiary of Columbia Threadneedle AM (Holdings) PLC, which is ultimately owned by Ameriprise Financial, Inc. The Manager is appointed under an investment management agreement with the Company, which sets out its responsibilities for investment management, administration and marketing. The Manager is authorised and regulated by the Financial Conduct Authority.

The Manager also acts as the Alternative Investment Fund Manager.

Paul Niven is the Company's Fund Manager and Columbia Threadneedle Investments' Head of Multi-Asset Investment and chair of its Asset Allocation Committee. He has extensive experience in managing large, diversified investment funds and has managed the Company's assets since July 2014. He joined the management company in 1996.

Jonathan Latter represents the Manager as Company Secretary and is responsible for the Company's statutory compliance. He joined the management company in 2021.

Marrack Tonkin is Head of Investment Trusts at the Manager, with responsibility for its relationship with the Company. He joined the management company in 1989.

US SUB-MANAGERS

Barrow, Hanley, Mewhinney & Strauss, LLC (North America) – appointed 2005
JPMorgan Asset Management (UK) Limited – appointed 2023

PRIVATE EQUITY MANAGERS

HarbourVest Partners LLC – appointed 2003
Pantheon Ventures Limited – appointed 2003

COMPANY SECRETARY AND REGISTERED OFFICE

Columbia Threadneedle Investment Business Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone: 0131 573 8300
Website: fandc.com
Email: invest@columbiathreadneedle.com

INDEPENDENT AUDITOR

Ernst & Young LLP
25 Churchill Place
London E14 5EY

CUSTODIAN

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

DEPOSITARY

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

NEW ZEALAND SHARE REGISTRARS

Computershare Investor Services Limited Private Bag 92119
Auckland 1142
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Telephone: +64 9 488 8700
Facsimile: +64 9 488 8787

SHARE REGISTRARS

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0800 923 1506
Facsimile: 0870 703 6143

Authorised and regulated in the UK by the Financial Conduct Authority.

SOLICITORS

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

STOCKBROKER

JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

ADDITIONAL INFORMATION FOR SHAREHOLDERS

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The Company is an 'alternative investment fund' (**'AIF'**) for the purposes of the AIFMD and has appointed its Manager, Columbia Threadneedle Investment Business Limited, to act as its Alternative Investment Fund Manager (the **'AIFM'**). The Manager is authorised and regulated by the FCA as a 'full scope UK AIFM'.

The Company is required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within the Investor Disclosure Document (**'IDD'**) which can be found on the Company's website, fandc.com. There have not been any material changes to the disclosures contained within the IDD since it was last updated in September 2022.

The Company and the AIFM also wish to make the following disclosures to investors:

- the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report. A list of the twenty largest listed equity holdings is included on pages 26 and 27;
- none of the Company's assets is subject to special arrangements arising from their illiquid nature;
- the Strategic Report and note 26 to the accounts set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the year under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures that it employs;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code in respect of the AIFM's remuneration. The relevant disclosures required are within the IDD; and
- information in relation to the Company's leverage is contained within the IDD.

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

KEY INFORMATION DOCUMENT

The Key Information Document relating to the Company's shares can be found on its website at fandc.com. This document has been produced in accordance with the PRIIPs Regulations.

NET ASSET VALUE AND SHARE PRICE

The Company's net asset value is released daily, on the working day following the calculation date, to the London and New Zealand Stock Exchanges. The current share price of the Company is shown in the investment trust section of the stock market page in several leading newspapers. Investors in New Zealand can obtain share prices from leading newspapers in that country.

UK CAPITAL GAINS TAX ('CGT')

An approved investment trust does not pay tax on its capital gains. UK resident individuals may realise net capital gains of up to £12,300 in the tax year ending 5 April 2023 without incurring any tax liability. From 6 April 2023 this limit is changing to £6,000.

A rate of CGT of 10% will apply where taxable income and gains do not exceed the income tax higher rate threshold (£37,700 in 2022-23 tax year). A higher rate of 20% will apply to those whose income and gains exceed this figure.

INCOME TAX

The final dividend of 3.90 pence per share is payable on 11 May 2023. Since April 2018 the annual tax-free allowance to UK residents on dividend income is £2,000. From 6 April 2023, this is decreasing to £1,000, with a further reduction from 6 April 2024 to £500. Dividend income received in excess of this amount will be taxed at rates of 7.5% (basic rate taxpayers), 32.5% (higher rate taxpayers) or 38.1% (additional rate taxpayers). Dividend income on shares within an Individual Savings Account is not subject to tax.

HOW TO INVEST

One of the most convenient ways to invest in F&C Investment Trust PLC is through one of the Savings Plans run by Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)
You can use your ISA allowance to make an annual tax efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*
A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)
For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT General Investment Account (GIA)
This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

CT Junior Investment Account (JIA)
This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

CT Child Trust Fund (CTF)*
If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle Investments.

Charges
Annual management charges and other charges apply according to the type of Savings Plan.

Annual account charge
ISA/LISA: £60+VAT
GIA: £40+VAT
JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges
£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

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. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales Cost & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest in, these can be found at ctinvest.co.uk/documents.

How to Invest
To open a new Columbia Threadneedle Savings Plan, apply online at **ctinvest.co.uk** Online applications are not available if you are transferring an existing Savings Plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new Savings Plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers:
Call: 0800 136 420**
(8:30am – 5:30pm, weekdays)
Email: invest@columbiathreadneedle.com

Existing Savings Plan Holders:
Call: 0345 600 3030**
(9:00am – 5:00pm, weekdays)
Email: investor.enquiries@columbiathreadneedle.com
Post: Columbia Threadneedle Management Limited,
PO Box 11114, Chelmsford CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, LLoyds Bank, The Share Centre.**

*The CTF and JISA accounts are opened in the child's name and they can have access to the account at age 18.
**Calls may be recorded or monitored for training and quality purposes.

To find out more, visit **ctinvest.co.uk**
or call **0345 600 3030,** 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

ALTERNATIVE PERFORMANCE MEASURES

The Company uses the following Alternative Performance Measures (**'APMs'**) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative detailed below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to the shareholders in order to assess the Company's long-term performance against its benchmark and peer group.

Discount or Premium – the share price of an investment trust company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers of shares than buyers. Shares trading at a price above NAV per share are said to be at a premium, in which case there tend to be more buyers than sellers. The Board's policy is set out on page 36.

		31 December 2022 pence	31 December 2021 pence
Net Asset Value per share (with debt at market value)	(a)	**932.10**	998.72
Share price per share	(b)	**904.00**	926.00
(Discount)/Premium (c = (b-a)/a)	(c)	**(3.0)%**	(7.3)%

Dividend growth – the amount by which the Company's annual dividend has increased compared to the previous year, expressed as a percentage of the previous annual dividend.

		31 December 2022 pence	31 December 2021 pence
Total dividend paid/payable for the prior year	(a)	**12.80**	12.10
Total dividend paid/payable for the current year	(b)	**13.50**	12.80
Dividend growth (c= (b-a)/a)	(c)	**5.5%**	5.8%

Gearing – this is the ratio of the borrowings of the Company to its net assets. Borrowings have a "prior charge" over the assets of a company, ranking before ordinary Shareholders in their entitlement to capital and/or income. They may include: preference shares; debentures; overdrafts and short and long-term loans; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having "net cash". The Company's maximum permitted level of gearing is set by the Board and is described within the Strategic Report and Directors' Report.

		31 December 2022 £'000	31 December 2021 £'000
Loans		**581,264**	549,715
Debenture		**575**	575
	(a)	**581,839**	550,290
Less Cash and cash equivalents		**(243,836)**	(53,111)
Less Investment debtors		**(425)**	(420)
Add Investment creditors		**2,933**	42
Total	(b)	**340,511**	496,801
Net Asset Value	(c)	**4,649,825**	5,280,934
Effective gearing (d= b/c)	(d)	**7.3%**	9.4%
Fully invested gearing (e= a/c)	(e)	**12.5%**	10.4%

Net Asset Value (NAV) – the assets less liabilities of the Company, as set out in the Balance Sheet, all valued in accordance with the Company's Accounting Policies (see note 2 to the Accounts) and UK Accounting Standards. The net assets correspond to Total Shareholders' Funds, which comprise the share capital account, capital redemption reserve and capital and revenue reserves.

		31 December 2022	31 December 2021
Net assets at year end - £'000s	(a)	4,649,825	5,280,934
Number of ordinary shares in issue at year end	(b)	518,411,856	526,783,140
Net asset value per share (with debt at par) at year end - pence (c=a/b)	(c)	896.94	1,002.49

Net Asset Value (NAV) with Debt at Market Value – the Company's debt (debenture and loans) is valued in the Balance Sheet (on page 80) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as "Debt at par". The current replacement or market value of the debt, which assumes it is repaid and renegotiated under current market conditions, is often referred to as the "Debt at Market Value" or "Debt at Fair Value". The market value of the debt is shown in notes 15 and 16 to the Accounts.

		31 December 2022	31 December 2021
Net assets at year end - £'000s		4,649,825	5,280,934
Add back: Debt at par - £'000s		581,839	550,290
Deduct: Debt at market value - £'000s		(399,563)	(570,157)
	(a)	4,832,101	5,261,067
Number of ordinary shares in issue at year end	(b)	518,411,856	526,783,140
Net asset value (with debt at market value) at year end - pence (c=a/b)	(c)	932.10	998.72

NAV Total Return – see Total Return definition

Ongoing Charges – all operating costs expected to be regularly incurred and that are payable by the Company or suffered within underlying investee funds, expressed as a proportion of the average net assets of the Company over the reporting year. The costs of buying and selling investments and derivatives are excluded as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing Charges calculation		31 December 2022 £'000	31 December 2021 £'000
Management fees		18,329	19,740
Other expenses		5,567	3,500
Less loan commitment/arrangement fees		(293)	(243)
Underlying costs of Private Equity Funds and Collectives		2,614	3,272
Total	(a)	26,217	26,269
Average daily net assets	(b)	4,878,293	4,889,822
Ongoing charges (c= a/b)	(c)	0.54%	0.54%

Share Price Total Return – see Total Return definition

Total Costs – these total 1.12% and comprise all operating costs actually incurred by the Company in the period and costs suffered within underlying funds ((0.54%) as shown in the Ongoing Charges calculation), together with interest on borrowings (0.29%) and estimated implicit and explicit costs of dealing (0.29%). These are all expressed as a proportion of the average daily NAVs of the Company over the period. Taxation expense and the costs of buying back or issuing ordinary shares are excluded from the calculation.

Total Expense Ratio (TER) – an alternative measure of expenses to Ongoing Charges. It comprises all operating costs incurred in the reporting period by the Company (see notes 4 and 5 to the Accounts), calculated as a percentage of the average net assets in that year. Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments and derivatives, interest costs, taxation and the costs of buying back or issuing ordinary shares.

TER calculation		31 December 2022 £'000	31 December 2021 £'000
Management fees		**18,329**	19,740
Other expenses		**5,567**	3,500
Less loan commitment/arrangement fees		**(293)**	(243)
Total	(a)	**23,603**	22,997
Average daily net assets	(b)	**4,878,293**	4,889,822
TER (c= a/b)	(c)	**0.48%**	0.47%

Total Return – the theoretical return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex-dividend.

	Net Asset Value	Share price
NAV/Share Price per share at 31 December 2021 (pence)	**998.72**	**926.00**
NAV/Share Price per share at 31 December 2022 (pence)	**932.10**	**904.00**
Change in the year	**(6.7)%**	**(2.4)%**
Impact of dividend reinvestments	**1.4%**	**1.5%**
Total return for the year to 31 December 2022	**(5.3)%**	**(0.9)%**

	Net Asset Value	Share price
NAV/Share Price per share at 31 December 2020 (pence)	831.78	787.00
NAV/Share Price per share at 31 December 2021 (pence)	998.72	926.00
Change in the year	20.0%	17.7%
Impact of dividend reinvestments	1.7%	1.7%
Total return for the year to 31 December 2021	21.7%	19.4%

GLOSSARY OF TERMS

AAF Report – Report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

Adjusted portfolio value – This is as defined within our loan covenant tests and comprises the gross assets less the value of all unquoted and private equity investments.

Administrator – The administrator is State Street Bank and Trust Company to which Columbia Threadneedle has outsourced trade processing, valuation and middle office tasks and systems.

AGM – annual general meeting of the Company.

AIC – Association of Investment Companies, the trade body for closed-end Investment Companies.

AIC Code – the AIC Code of Corporate Governance published in 2019, which addresses the principles and provisions set out in the UK Code, as they apply to investment trust companies.

AIFMD – the Alternative Investment Fund Managers Directive that requires investment vehicles to appoint a Depositary and an Alternative Investment Fund Manager.

AIFM – the Alternative Investment Fund Manager appointed by the Board of Directors in accordance with the AIFMD is the Company's Manager, as defined below.

Ameriprise Financial, Inc. – the ultimate owner of Columbia Threadneedle Investments, it is a diversified financial services company and bank holding company incorporated in Delaware, USA.

Columbia Threadneedle Savings Plans – previously the BMO savings plans, these comprise the CT General Investment Account, CT Junior Investment Account, CT Lifetime ISA, CT Investment Trust ISA, CT Junior ISA and CT Child Trust Fund operated by Columbia Threadneedle Management Limited, a company authorised by the Financial Conduct Authority.

Benchmark – the FTSE All-World (Total Return) Index is the benchmark against which the increase or decrease in the Company's NAV is measured. The Index averages the performance of a defined selection of companies listed in stock markets around the world and gives an indication of how those markets have performed in any period. Divergence between the performance of the Company and the Index is to be expected as: the investments within this Index are not identical to those held by the Company; the Index does not take account of operating costs; and the Company's strategy does not include replicating (tracking) this Index. Prior to January 2013 the benchmark was a composite of 40% FTSE All-Share (Total Return)/60% FTSE WI World ex UK (Total Return).

Carbon intensity – this is measured in tons of CO2 equivalent (i.e. including the basket of six Kyoto Protocol gases) of Scope 1 and 2 emissions, divided by $1 million of sales at a company level. This is aggregated to portfolio level using a weighted average (by holding).

Climate Action 100+ initiative – An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Closed-end company – a company, including an Investment Company, with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.

Columbia Threadneedle – the asset management business of Ameriprise, which now owns BMO Global Asset Management.

Cum-dividend – shares are classified as cum-dividend when the buyer of a security is entitled to receive a dividend that has been declared, but not paid. Shares which are not cum-dividend are described as ex-dividend.

Custodian – The Custodian is JPMorgan Chase Bank. The custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – The Depositary is JPMorgan Europe Limited. Under AIFMD rules the Company must appoint a depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to oversight of share issues/buybacks, dividend payments and adherence to investment limits.

Derivative – a contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Distributable Reserves – Reserves distributable by way of dividend or for the purpose of buying back ordinary share capital (see notes 2(c)(x), 2(c)(xi), 17, 18 and 19 to the Accounts). Company Law requires that Share Capital and the Capital Redemption Reserve may not be distributed. The Company's Articles of Association allow distributions by way of dividend out of Capital Reserves. Dividend payments are currently made out of Revenue Reserve. The cost of all share buybacks is deducted from Capital Reserves.

Dividend Dates – Reference is made in announcements of dividends to three dates. The "record" date is the date after which buyers of the shares will not be recorded on the register of shareholders as qualifying for the pending dividend payment. The "payment" date is the date that dividends are credited to shareholders' bank accounts. The "ex-dividend" date is normally the business day prior to the record date (most ex-dividend dates are on a Thursday).

DTRs – the Disclosure Guidance and Transparency rules issued by the FCA.

EY – The Company's auditor, Ernst & Young LLP.

FCA – Financial Conduct Authority, the conduct regulator for financial services firms and financial markets in the UK.

FCIT – F&C Investment Trust PLC or the **'Company'**.

FRC – Financial Reporting Council which regulates auditors, accountants and actuaries in the UK and sets the UK's Corporate Governance and Stewardship Codes.

Fund Manager – Paul Niven, an employee of the Manager with overall management responsibility for the total portfolio.

GAAP – Generally Accepted Accounting Practice. This includes UK Financial Reporting Standards (**'FRS'**) and International GAAP (IFRS or International Financial Reporting Standards applicable in the UK).

Hampton-Alexander Review – The independent review body which aims to increase the number of women on FTSE 350 boards.

Investment Company (Section 833) – UK Company Law allows an Investment Company to make dividend distributions out of realised distributable reserves, even in circumstances where it has made Capital losses in any year, provided the Company's assets remaining after payment of the dividend exceed 150% of the liabilities. An Investment Company is defined as investing its funds in shares, land or other assets with the aim of spreading investment risk.

Investment portfolios – sometimes referred to as strategies, the separate regional, global and Private Equity portfolios that together make up the total investment portfolio of the Company.

Investment Trust taxation status (Section 1158) – UK Corporation Tax law allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempted from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to the provisions that apply to investment companies as set out above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.

ISAE Report – Report prepared in accordance with the International Standard on Assurance Engagements.

Leverage – as defined under AIFMD rules, leverage is any method by which the exposure of an AIF (being an investment vehicle under the AIFMD) is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager (AIFM) – Columbia Threadneedle Investment Business Limited, which is a subsidiary of Ameriprise Financial, Inc.. Its responsibilities and the management fee are set out in the Business Model, Report of the Management Engagement Committee and note 4 to the Accounts.

Market capitalisation – the stock market quoted price of the Company's shares, multiplied by the number of shares in issue excluding any shares held in treasury. If the Company's shares trade at a discount to NAV, the market capitalisation will be lower than the NAV or higher in the event of a premium.

Non-executive Director – a Director who has a contract for services, rather than a contract of employment, with the Company. The Company does not have any executive Directors.

Non-Financial Information Statement (NFIS) – Under sections 414CA and 414CB of the Companies Act 2006 certain large companies within scope are subject to an additional layer of narrative reporting originally introduced under EU Non-Financial Reporting Directive (EU/2014/95) and implemented by amending the strategic report requirements in the Companies Act 2006 by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016. The regulations require those companies to disclose to the extent necessary an understanding of the company's development, performance, position and impact of its activity, information relating to environmental, employee, social, respect for human rights, anti-corruption and anti-bribery matters. Although F&C Investment Trust PLC does not fall within the scope of these requirements, the Board has opted to comply and has integrated the disclosures into the Strategic Report. F&C Investment Trust PLC's Non-Financial Reporting disclosures that have been made in relation to the requirements are referenced in the following table to indicate in which part of the Strategic Report they appear.

Non-financial information	Section	Page
Business model	Strategic report and business model	30
Key performance Indicators	Key Performance Indicators	38
Principal Risks	Principal and emerging risks	40
Policies	Principal policies	35

Open-ended Fund – a collective investment scheme which issues shares or units directly to investors, and redeems directly from investors, at a price that is linked to the net asset value of the fund.

Parker Review Committee – The independent review body which recommended each FTSE 250 company to have at least one director from an ethnic minority background by 2024.

Peer group – investment trust companies and funds investing in Global markets on behalf of investors, in competition with the Company and included within either the AIC Global Sector or the Investment Association (IA) Global Sector in the UK.

Portfolio Return – the gross return on assets generated by the Company's portfolio of investments.

PRIIPs – Packaged Retail and Insurance-based Investment Products regulations that require generic pre-sale disclosure of investment "product" costs, risks and indicative future return scenarios. The Company's ordinary shares are defined as a product for the purposes of the regulations. Costs as calculated under PRIIPs are explained within Alternative Performance Measures on page 117, under "Total Costs".

Private Equity – an asset consisting of shares and debt in operating companies that are not publicly traded on a stock exchange. The holdings in such companies may be collected in a Fund which operates as a limited partnership, with Partners contributing capital to the Fund over a period of years and receiving proportional repayments when the investments are sold.

Public Documents – Financial statements, reports, circulars, press releases, analyst presentations and other documents to be issued publicly.

Science-based Targets Initiative (SBTi) – This is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets.

Section 172(1) – Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to matters specified in that section. The directors are required to report on this in the Strategic Report section of the Annual Report and Accounts each year.

Sustainable Development Goals (SDGs) – The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 goals, which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all the while tackling climate change and working to preserve our oceans and forests.

SSAE – Statement on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants.

SORP – Statement of Recommended Practice. The accounts of the Company are drawn up in accordance with the Investment Trust SORP, issued by the AIC, as described in note 2 to the Accounts.

Special Dividends – dividends received from investee companies which have been paid out of capital reconstructions or reorganisations of the investees are sometimes referred to as Special Dividends and may be allocated to Capital Reserves in accordance with the Company's accounting policies and the SORP. Dividends which are unusually large in terms of the investee companies' annual earnings or normal payment pattern are also sometimes referred to as special but are treated as revenue in nature unless evidenced otherwise.

The Act – the Companies Act 2006.

The Task Force on Climate-related Financial Disclosures (TCFD) – This was set up in 2015 by the Financial Stability Board (FSB) to develop voluntary, consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Columbia Threadneedle supports the TCFD and it reports in line with TCFD recommendations. These disclosures are not mandatory for investment companies.

The Transition Pathway Initiative (TPI) – A global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy.

Treasury shares – ordinary shares in issue that have been bought back from shareholders on the open market and kept in treasury by the Company. Such shares may, at a later date, be reissued on the open market or cancelled if demand is insufficient. Treasury shares carry no rights to dividends and have no voting rights and hence are not included within calculations of earnings per share or net asset value per share.

UK Code – the UK Code of Corporate Governance, published in 2018, which sets out the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

The United Nations-supported Principles for Responsible Investment (UNPRI) – The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. In implementing them, signatories contribute to developing a more sustainable global financial system.

Warning to Shareholders – Beware of Share Fraud.

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell to you shares that turn out to be worthless or non-existent, or to buy your shares at an inflated price in return for an upfront payment following which the proceeds are never received.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from **fca.org.uk** to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ('**FCA**') on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040** or online at **www.actionfraud.police.uk**.

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