



F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone +44 (0)20 7628 8000
Facsimile +44 (0)20 7628 8188
www.fandc.com

Market Update

For immediate release
1st December 2009

Dubai debt woes unlikely to spill over into emerging markets

Sam Mahtani, Director, Emerging Equities at F&C comments:

“We feel that the fall-out from the debt crisis in Dubai is unlikely to have a deep impact on emerging market equities. Emerging market shares were hit for two days after the news broke, but prices soon stabilised and we think that investors have now discounted the Dubai issue.

Our sanguine view is based on the fact that UAE central bank has offered to ‘stand behind’ local and foreign banks. We expect further announcements from the central bank and neighbouring countries should they be necessary.

Structurally, Emerging Market banks – which have better risk controls than their counterparts in developed countries - have little direct exposure to Dubai. The large debt pile has been supplied primarily by the European banks such as HSBC and RBS.

That said, the question remains as to how far this affects risk aversion globally and investors’ attitude to risky assets. Heightened risk aversion traditionally causes Emerging Market equities to underperform. However, the last few years have shown that investors have become more discerning and no longer bracket together all emerging markets. While we think that investors may well be wary of countries with potential debt issues, we do not see it as a problem for the Emerging Market asset class overall.

F&C Management Limited is authorised and regulated by the Financial Services Authority (FSA) FRN: 119230. Limited by shares. Registered in England and Wales, No 517895. Registered address and Head Office: Exchange House, Primrose Street, London EC2A 2NY.

F&C Asset Management plc is the listed holding company of the F&C Group.

F&C Management Limited is a member of the F&C Group and a subsidiary of F&C Asset Management plc.

Our sense is that some investors have used the news flow from Dubai as an opportunity to take profits. We are therefore not changing our strategy and remain constructive on Emerging Market equities on a 12 month view.”

- ENDS -

Press enquiries +44 (0)20 7011 4600

Paula Garrido	Communications Manager	+44 (0)20 7011 4190
Jennifer Donohoe	Communications Manager	+44 (0) 20 7011 5017
Sarah Godfrey	Communications Manager	+44 (0) 20 7011 4215

Notes to Editors

F&C Investments

- F&C Asset Management (F&C) is an independent London Stock Exchange listed asset management group with around 100,000 shareholders.
- F&C traces its origins to 1868 with the launch of the Foreign & Colonial Investment Trust, the first ever publicly listed investment fund. Foreign & Colonial Investment Trust remains a client of F&C.
- F&C is an active fund manager with a multi-specialist investment model where individual teams have strong accountability for their products and processes. The group is also an active shareholder with a leading franchise in governance and sustainable investment.
- F&C manages £99.2 billion (€108.5 billion) of assets* for a diverse range of institutional, insurance and retail clients across all major asset classes – equities, bonds, cash and property – as well as alternative and specialist product classes. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C has three pillars to its strategy: *Advisory & Solutions* – the servicing of strategic partners and the provision of investment solutions and overlays such as shareholder engagement programmes, Liability Driven Investments, Asset & Liability Management, Multi-Manager and Fiduciary Management; *Alpha Investing* – active fund management across a diverse range of asset classes and markets but with a focus on UK and European equities and fixed income and Emerging Markets;

F&C Management Limited is authorised and regulated by the Financial Services Authority (FSA) FRN: 119230. Limited by shares. Registered in England and Wales, No 517895. Registered address and Head Office: Exchange House, Primrose Street, London EC2A 2NY.

F&C Asset Management plc is the listed holding company of the F&C Group.

F&C Management Limited is a member of the F&C Group and a subsidiary of F&C Asset Management plc.

Environmental, Social & Governance Investing – building on its market leading presence in ethical investment with new products.

- F&C REIT Asset Management is the group's global property asset management business. It was formed in 2008 from the merger of F&C's property division and REIT Asset Management. F&C REIT operates from offices in London, Dublin, Munich, Mumbai and Stockholm.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning a dozen countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).
- In March 2009 F&C signed a Memorandum of Agreement with Hua Xia Bank, one of China's twelve nationwide joint stock commercial banks, to establish a joint venture fund management company in China in which F&C will have a 19.5% interest.

* As at 30 September 2009.