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Press Release

For immediate release
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Ethical bond fund provides shelter from the 'financials' crisis

While 2008 saw one of the toughest years on record for fixed income investors, F&C's Ethical Bond Fund, launched in October 2007, proved a resilient performance over of the last 18 months.

The fund, which sits in the popular IMA UK Corporate Bond sector despite its ethically restricted universe of stocks, is flat since launch compared to a -2.6% return from its benchmark (Iboxx Sterling Non Gilts Index TR) and a median return of -8.17% from other funds in its sector over the same period. Looking at short-term performance, the fund rose 1.36% versus a market average loss of 4.99% over the second half of 2008, amidst the most tumultuous market conditions witnessed for decades.

Far from hindering the fund, manager Rebecca Seabrook believes it was advantageous to have launched during a period of heightened market volatility, as this provided more opportunities to add value, in particular having minimal exposure to the financial sector. She has maintained an initial underweight position to financials since launch and had no exposure to Lehmans, Washington Mutual and AIG. Overweight positions in utilities, telecoms and corporates also served to strengthen returns.

The fund combines F&C's heavyweight fixed interest capabilities with the expertise of it's 15-strong Governance and Sustainable Investment Team, and applies similar, rigorous ethical screening criteria to those adopted by the equity-focused Stewardship range of funds managed by F&C.

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.

The F&C Ethical Bond Fund universe of eligible securities is screened on a comprehensive range of both “positive” and “negative” criteria selected by an independent policy committee, actively targeting credits from issuers which contribute to sustainable development.

Seabrook’s outlook for 2009 is cautious, based primarily on her expectation that the economic backdrop will continue to deteriorate, and she is positioning the fund defensively for volatility anticipated in the coming months.

“The financial crisis has seen banks being forced to deleverage at an earlier stage of the credit cycle than usual and their focus is now on reducing debt. Until banks strengthen their balance sheets and regain their confidence to lend again, this situation looks set to remain. That said, valuations in the region remain attractive and the opportunity to add significant returns when the markets eventually turn should be huge,” said Seabrook.

To arrange an interview with Rebecca Seabrook or for a photo of the fund manager please contact Jennifer Donohoe on 020 7011 5017 or jennifer.donohoe@fandc.com

- Ends -

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Notes to Editors

F&C Investments

- F&C Asset Management (F&C) is a London Stock Exchange listed asset management group which traces its origins back 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.

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- F&C now manages £93.3 billion (€118.4 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 such as Socially Responsible Investment funds, hedge funds, funds of hedge funds, private equity funds, Global Tactical Asset Allocation products and Liability Driven Investments. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has an office network spanning ten countries: China (Hong Kong), France (Paris), Germany (Frankfurt), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).

* As at 30 September 2008.