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Press Release

For immediate release

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F&C launches new equity-linked bond pooled funds to tackle trustees' equity/fixed income dilemma

F&C has expanded its market leading liability driven investment (LDI) solutions offering with the launch of four pooled Equity-Linked Bond Funds. These innovative funds are designed to help pension schemes of all sizes to match more closely their liabilities by investing in bonds while maintaining full exposure to stock markets.

For many years pension schemes have wrestled with the dual challenges of matching liabilities whilst still seeking to invest in assets that deliver a suitable level of return. Although fund managers and investment banks offer bespoke and innovative solutions to overcome these challenges, these solutions are typically only available to investors in segregated strategies.

F&C's four new Equity-Linked Bond Funds provide investors with access to similar innovative strategies but in a pooled fund format. The funds allow pension schemes to gain significant fixed income exposure but without losing the potential of equity markets and the long-term benefit this can bring to a scheme's funding.

The new funds are UCITS III OEIC meaning they can provide trustees with daily dealing and valuations.

Richard Watts, Head of Life & Pensions LDI at F&C, commented: "The new funds mean that schemes of all sizes retain full exposure to the equity markets and at the same time own long dated index-linked gilts or conventional gilts to better match the scheme's liabilities."

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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 launch of the new funds follows the introduction earlier this year of a new Sterling Overnight Index Average (SONIA)-backed LDI pooled fund series, as an alternative to F&C's existing and well established LIBOR-backed product range which has been available to investors since 2006. The SONIA range also allows pension schemes to tactically hedge solely their inflation exposure through a pooled solution for the first time.

The four new funds are:

- F&C UK Equity-Linked Inflation Fund
- F&C Overseas Equity-Linked UK Inflation Fund
- F&C UK Equity-Linked Gilt Fund
- F&C Overseas Equity-Linked UK Gilt Fund

For more information about the new funds and F&C's LDI solutions, or to arrange an interview with a member of F&C's LDI team, please contact paula.garrido@fandc.com

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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.

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- 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; *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.