

Press Release

For immediate release

12 March 2009

Foreign & Colonial Investment Trust re-enters the FTSE 100 Index

** Trust's presence in the top flight has been bullish signal in past **

Foreign & Colonial Investment Trust has been promoted to the FTSE 100 index at the latest quarterly rebalancing. This means the £1.8bn trust is now one of the UK's 100 biggest companies, and is one of only two investment trusts to appear in the index, the other being Alliance Trust.

Heavy losses on the stockmarket over the past year, particularly in sectors such as retail and resources, have led to many changes in the make-up of the index as companies' market capitalisation shrinks, and FCIT's manager is at pains to stress that the trust's promotion to the top flight has more to do with the share price declines of others than with any great leaps forward in FCIT's assets.

Among those leaving the index on 20 March are private equity specialist 3i Group, transport operator FirstGroup and the London Stock Exchange itself. Some of those joining are testament to how fine the line is between promotion and relegation: platinum miner Lonmin and silver miner Fresnillo only left the index at the last quarterly review in December.

However, Jeremy Tigue adds that the appearance of FCIT in the FTSE 100 has in the past been an indicator of a coming upturn in the market. "We were promoted to the FTSE 100 in 2003 for similar reasons after a long bear market, which bottomed in March of that year. The market subsequently moved upwards sharply, so history would suggest our inclusion is a bullish signal for markets."

But while in some respects the current market environment is similar to that of six years ago, Tigue points to some important differences regarding the trust itself.

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“In 2003 our discount to net asset value was very low when we entered the index, and then widened out. Since then we have put in place a hard discount control mechanism, which would prevent that happening again.” FCIT’s average discount in 2008 was 5.8%, compared with an industry average of 14.8%. [Source: FCIT annual results, 6 March 2009]

Another significant difference is in the relative level of income available. In March 2003 the Bank of England base rate was 3.75%; now it is just 0.5%. “Against that backdrop, FCIT’s dividend yield of 3% looks pretty attractive,” says Tigue.

FCIT is paying a total dividend for 2008 of 6.45p per share, and has committed to at least matching this level in 2009.

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For more information, or to arrange an interview with Jeremy Tigue, please contact Sarah Godfrey on 020 7011 4215 or sarah.godfrey@fandc.com

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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 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 now manages £98.6 billion (€102.0 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),

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Germany (Frankfurt), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).

*As at 31 December 2008.

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