

# Press Release

---

**For immediate release**

6 March 2009

## **No pain, no gain, says Foreign & Colonial Investment Trust's Tigie**

*\* Private equity will hurt performance in 2009 but has benefits further out \**

*\* US large-cap selection brought back in house \**

Continued exposure to private equity will have a negative impact on the performance of Foreign & Colonial Investment Trust in 2009, according to manager Jeremy Tigie.

But FCIT's limited allocation to private equity means the trust is unlikely to suffer as much as those who have invested wholly in private equity and cannot fund further commitments.

"It's a buyers' market now in private equity," says Tigie. "Those who can carry on investing will get precedence in future returns, and we have had some real successes in private equity over many years."

FCIT was early in writing down the value of its private equity investments at the end of 2008, to reflect the difficulty of valuing such assets in a falling market. Now Tigie says that although the 141-year-old trust is likely to have a bad 2009 as its private equity weighting drags on performance, there is no reason to expect 2010 to be similarly painful. "The worse things get now, the quicker it is likely to work through," he comments.

As the trust announces its final results for the year ended 31 December 2008, another key point is the decision to bring US large-cap manager selection back in-house. Certain parts of the global growth trust's portfolio had been outsourced in 2005, with US manager selection being passed to multi-manager specialist Investment Manager Selection (IMS). But after positive performance in only one of the three following years, F&C has taken direct control, retaining two of the existing managers – Barrow Hanley and T Rowe Price – and selling out of aggressive growth investor Loomis Sayles. US large-cap exposure in the £1.9bn trust was

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.

reduced by £80m at the start of 2009, with the proceeds (along with £50m from the sale of some UK assets) used to eliminate FCIT's short-term borrowings.

Tigue predicts there will be a big increase in savings rates in the UK over the coming year, as consumers resist the government's incentives to spend in favour of building a rainy-day fund. This will favour the outlook for the trust, which has large numbers of private shareholders investing through wrappers as diverse as pensions and Child Trust Funds. Sponsorship of a large show garden at this year's RHS Chelsea Flower Show should keep Foreign & Colonial Investment Trust at the forefront of investors' minds.

The trust has increased its dividend for 2008 by 10.3% to 6.45p per share, and has forecast at least maintaining this level in 2009 – a commitment with which it is comfortable as its revenue reserves are more than sufficient to cover the dividend.

The trust's net asset value total return was better than that of its competitors in 2008, with a decline of 26.7% compared with a fall of 27.4% for the weighted average of its close peer group. However, both these were behind the -22.2% return of the trust's benchmark, a composite index of 40% FTSE All-Share and 60% FTSE All World ex UK. Over 10 years, investors in FCIT have enjoyed an NAV total return of 45.8%, compared with a close peer group average return of 31.4% and a benchmark return of 18.6%. [All figures are to 31/12/08, source: AIC/Fundamental Data.]

Chairman Mark Loveday commented on the prospects for the year ahead: "The immediate outlook for the global economy is bleak and it seems almost certain that 2009 will be the worst year for economic growth since 1945. So many previously unthinkable events occurred in 2008 that it is very difficult to predict what might happen this year.

"Foreign & Colonial's size and spread make it better placed than most funds to cope with the current market conditions. This should give us some protection from individual company or sector problems, while maintaining our exposure to as wide a range of opportunities as possible."

– ends –

**For more information, or to arrange an interview with Jeremy Tigue, please contact Sarah Godfrey on 020 7011 4215 or [sarah.godfrey@fandc.com](mailto:sarah.godfrey@fandc.com)**

#### **Press enquiries**

|                  |  |                      |
|------------------|--|----------------------|
| Sarah Godfrey    | Communications Manager, investment trusts<br>F&C Investments | +44 (0) 20 7011 4215 |
| Jennifer Donohoe | Communications Manager<br>F&C Investments                    | +44 (0) 20 7011 5017 |

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.

## 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), 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.