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Press release

Immediate release

London 13th February 2009

F&C European High Yield Bond Fund awarded a Lipper Award in the Netherlands

One of F&C's flagship SICAV sub-funds, the F&C European High Yield Bond Fund* has been granted a fund award by the ratings agency Lipper. Lipper Award classification category winners are calculated based on risk adjusted consistent return for a defined time period of 3 years, 5 years or 10 years. The F&C European High Yield Bond Fund was named best fund in the category Bond Europe-High Yield over 3 years in the Netherlands.

"We are delighted about this high-profile accolade as the fund has been screened according to purely quantitative criteria," said Kevin Mathews, who co-manages the F&C European High Yield Bond Fund with Andrew Lake. "This illustrates the power of the thorough investment process utilized to screen issues for our portfolio."

The F&C European High Yield Bond Fund has outperformed the benchmark Merrill Lynch European Currency BB-B by 208 basis points. Over the last 3 years the fund recorded an annualized return of -8.74%** , whereas the benchmark performed only -10.82%** on average over the same period. Up to 50% of the fund's core portfolio is invested in BB fixed income securities. The fund also invests in unrated fixed income, floating rate and other debt securities issued predominantly by European companies. The investment strategy is based on the rationale that it will deliver superior risk-adjusted returns over full market cycles.

“Our short-term outlook remains cautious but more constructive as 2009 unfolds”, added Andrew Lake. “January’s high yield rebound is likely to be short lived as negative news will likely outweigh the momentum from President Obama’s rescue package.” Andrew Lake believes however, that there will be significantly increasing risk in the portfolio throughout 2009, as the opportunity for significant returns in the high yield market is enormous for the next few years. “We will be steering clear of CCC credits – the part of the market most likely to default – as the return available for high single Bs and BB rated securities is still 16-20%”, he commented. “We are concentrating on counter-cyclical sectors, and remain underweight anything which involves discretionary consumer spending. But success will again be all about credit selection.”

*retail share class A

** Source: Lipper – from 31/12/05 to 31/12/08 – in euro terms, net of fees

For more information on the F&C European High Yield Bond Fund or to arrange an interview with Kevin Mathews or Andrew Lake, please contact Véronique Sant on +44 (0) 20 7011 4278 or per email an veronique.sant@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 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 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.