



F&C Asset Management plc

Interim management statement

To: London Stock Exchange
Attention: RNS
From: F&C Asset Management plc
Date: Embargoed until 7.00am on 27 April 2009

27 April 2009

F&C Asset Management plc (“the Group”) is today issuing an interim management statement for the three months to 31 March 2009.

- **Assets under Management of £92.7 billion at 31 March 2009**
- **Good progress being made with investment consultants**
- **Agreement to establish a joint-venture in China with Hua Xia Bank**

The market and economic environments remain challenging despite significant action by governments to stabilise the financial system. Although equity markets have made some positive progress off their lowest points in recent weeks, indices are significantly lower since the start of the year with the FTSE 100 Index down 10.3% in total returns during the three months to 31 March, one of the worst first quarters for UK equities of the last decade.

Against this backdrop, F&C continues to benefit from its diversity by asset class, geography and client type and, in particular, the relative stability provided by the Group’s 62% exposure to fixed income. Assets under management declined by 6 per cent during the quarter, the majority of which related to a reversal in the exchange rate movements between Sterling and the Euro from which the Group strongly benefited during the prior quarter.

Despite adverse overall markets, F&C’s relative investment performance has continued to be competitive across a range of investment desks with 74 per cent of equity assets managed outperforming their benchmarks over the quarter.

Fund Flows

The Group experienced £1 billion of net outflows during the quarter, compared to £1.7 billion of net outflows in the same period last year and £4 billion of net outflows in the fourth quarter of 2008.

Institutional new business totalled £1 billion. This included a significant mandate to manage a UK real-estate portfolio formerly owned by the Dawnay Day group following the facilitation by F&C REIT of the acquisition and financing of this portfolio on behalf of existing clients. In addition, at the end of the quarter the Group had an unfunded pipeline of new institutional business totalling £1.3 billion including new Liability Driven

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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.

Investment mandates won through investment consultants who were not introducing business to the Group during 2008.

As previously indicated the environment for retail investment remains weak. During the quarter the Group saw a small net inflow into SICAV funds offset by a small net outflow in OEICs.

Outlook

The major economies continue to be in recession and face difficult headwinds. We therefore remain cautious in our outlook and continue to be vigilant on cost control. We have made good progress in implementing the £15 million cost reduction programme announced in December 2008.

The market environment remains challenging for new business generation. However we are encouraged by the significant increase in activity we have seen with investment consultants. Since the announcement in March that F&C was no longer in an Offer Period six leading firms of investment consultants have re-instated buy ratings that had previously been on hold. Over the coming months the Group's asset gathering focus will include the launch of a new institutional UK real-estate fund and in the international wholesale business an innovative new Sharia-compliant socially responsible investment fund which we have successfully test marketed in the Middle East.

While addressing the immediate market climate is the primary focus for many asset managers, we also continue to take steps to develop our business over longer-term. For example, in March we 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. This will provide us with long term optionality in a market with significant growth potential.

Alain Grisy, Chief Executive of F&C, commented:

"The operating environment for asset managers remains challenging but F&C has the right model and the right strategy in place to trade profitably and to benefit strongly from the market recovery when it comes. We have taken action to control our costs, are focused on investment performance and continue to innovate in the product space in order to meet the changing needs of clients. F&C has a robust financial position and is well positioned to take advantage of potential acquisition opportunities should they arise."

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Forward-looking statements

This interim management statement may contain “forward-looking statements” with respect to certain of F&C Asset Management plc’s (FCAM) plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond FCAM’s control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation and deflation; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which FCAM and its affiliates operate. As a result, FCAM’s actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in FCAM’s forward-looking statements. FCAM undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make. Nothing in this publication should be considered as a profit forecast.

Assets Under Management and Fund Flows

The tables below disclose Assets Under Management (AUM) at 31 March 2009 and Fund flows for the three months to 31 March 2009.

1. Assets Under Management	31 March 2009 £bn	31 Dec 2008 £bn
Insurance Funds	54.8	57.0
Institutional Funds	26.3	28.6
Sub-Advisory	4.3	4.8
Investment Trusts	4.3	4.9
UK Retail (Mutual Funds)	2.0	2.2
International Wholesale (Mutual Funds)	1.0	1.1
Total	92.7	98.6

	31 March 2009 €bn	31 Dec 2008 €bn
Insurance Funds	59.2	59.0
Institutional Funds	28.4	29.5
Sub-Advisory	4.6	5.0
Investment Trusts	4.7	5.1
UK Retail (Mutual Funds)	2.1	2.3
International Wholesale (Mutual Funds)	1.1	1.1
Total	100.1	102.0

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2. Assets Under Management by Asset Class	31 March 2009 £bn	31 Dec 2008 £bn
Fixed Interest	57.2	60.6
Equities	19.6	24.3
Property	8.2	7.9
Other Alternative Investments	2.1	2.4
Money Market	5.6	3.4
Total	92.7	98.6

	31 March 2009 €bn	31 Dec 2008 €bn
Fixed Interest	61.8	62.6
Equities	21.2	25.2
Property	8.9	8.1
Other Alternative Investments	2.2	2.6
Money Market	6.0	3.5
Total	100.1	102.0

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3. Fund Flows

a) Fund flows for the quarter to 31 March 2009

Client Category	Inflows £m	Outflows £m	Net £m
Insurance Funds	N/A	N/A	(424)
Institutional	1,007	(1,209)	(202)
Sub Advisory	42	(315)	(273)
Investment Trusts	6	(117)	(111)
UK Retail (Mutual Funds)	63	(116)	(53)
International Wholesale (Mutual Funds)	75	(46)	29
Total	N/A	N/A	(1,034)

Note to Editors

F&C Asset Management plc (F&C) is a London Stock Exchange listed pan-European asset manager and a constituent of the FTSE Mid 250 Index. F&C manages in excess of £90 billion of assets for a diverse range of institutional, insurance and retail clients. The group has offices in twelve countries. It has a major presence in the UK retail market with strength in corporate bonds, UK and European equities, multi-manager and ethical funds.

F&C was formed in 2004 as a result of the merger between ISIS Asset Management and F&C Group. It has a rich brand heritage, tracing its origins back to the launch of the Foreign & Colonial Investment Trust, the first ever investment trust, in 1868. Foreign & Colonial Investment Trust, which is a FTSE 100 company, remains a client of F&C today.

In 2007 F&C's Board and major shareholders approved a 3-year plan, aimed at generating significant organic growth from new, diverse revenue streams in higher margin product areas such as UK retail / international wholesale investments and specialist institutional mandates. The plan involved a step up in investment in the business during 2007, through people, products and infrastructure with the goal of generating significant shareholder value by end of 2009.

2007 saw good progress in executing the first phase of the 3-year plan, with a record year for F&C's UK retail business, a significant number of new product launches, additional hires to the investment and distribution teams, the consolidation of F&C's operations in-house and the implementation of new Decision, Risk and Dealing systems.

In 2008 F&C's controlling shareholder, Friends Provident, announced its intention to divest its holding in F&C. As a result of turbulent markets stemming from the global credit crisis, compounded by corporate uncertainty, F&C's management indicated that the timeline of the delivery of the Group's growth plan would be impacted.

The strength of F&C's diversified business model was demonstrated during 2008 with resilient assets under management and net investment management fees declining just 5% against a backdrop of severe equity market declines and a drying up of liquidity in the credit markets. The group made an underlying profit after tax of £38.3 million with underlying earnings per share of 7.8 pence in 2008.