



F&C Asset Management plc

Assets Under Management and Fund Flows

26 January 2009

Assets Under Management and Fund Flows as at 31 December 2008

- **Assets Under Management of £98.6bn, an increase of 5.7% since Q3 2008**
- **Institutional new business during Q4 2008 of £1.2bn at highest level since Q4 2005**
- **Full-year International Wholesale net sales of £225m, an increase 102% over 2007**
- **UK Retail net sales broadly neutral (-£4m) across full-year 2008**

The tables below disclose Assets Under Management (AUM) at 31 December 2008 and Fund flows for the fourth quarter of 2008 and the twelve months to 31 December 2008.

Assets Under Management by Client Category

Sterling	31 Dec 2008 £bn	30 Sep 2008 £bn	31 Dec 2007 £bn
Insurance Funds	57.0	52.6	58.9
Institutional Funds	28.6	27.1	27.3
Sub-Advisory	4.8	4.6	6.5
Investment Trusts	4.9	5.4	6.6
UK Retail (Mutual Funds)	2.2	2.6	3.3
International Wholesale (Mutual Funds)	1.1	1.0	1.0
Total	98.6	93.3	103.6

Euros	31 Dec 2008 €bn	30 Sep 2008 €bn	31 Dec 2007 €bn
Insurance Funds	59.0	66.7	80.2
Institutional Funds	29.5	34.4	37.1
Sub-Advisory	5.0	5.8	8.9
Investment Trusts	5.1	6.9	9.0
UK Retail (Mutual Funds)	2.3	3.3	4.5
International Wholesale (Mutual Funds)	1.1	1.3	1.3
Total	102.0	118.4	141.0

Assets Under Management by Asset Class

Sterling	31 Dec 2008 £bn	30 Sep 2008 £bn	31 Dec 2007 £bn
Fixed Interest	60.6	53.0	53.5
Equities	24.3	25.5	37.0
Property	7.9	8.2	5.3
Other Alternative Investments	2.4	1.6	1.9
Money Market	3.4	5.0	5.9
Total	98.6	93.3	103.6

Euros	31 Dec 2008 €bn	30 Sep 2008 €bn	31 Dec 2007 €bn
Fixed Interest	62.6	67.3	72.9
Equities	25.2	32.3	50.3
Property	8.1	10.4	7.3
Other Alternative Investments	2.6	2.1	2.5
Money Market	3.5	6.3	8.0
Total	102.0	118.4	141.0

Despite the ongoing adverse market conditions, total assets under management have benefited from the group's diversification by asset class and geography.

In particular it should be noted that a significant portion of the group's assets under management and, consequently, its revenue base, are denominated in Euros. During the fourth quarter of 2008 the strengthening of the Euro added approximately 12% to total assets under management.

During 2008, after a significant strengthening of the Euro, management entered into a number of foreign currency contracts when the Sterling/Euro exchange rate was approximately £1:€1.24 to partially hedge future Euro denominated cash flows for the remainder of 2008 and subsequent periods. Whilst these contracts will limit the impact of the strengthening of the Euro on 2009 revenues, or mitigate our exposure to a significant fall in the Euro, some 50 per cent of our 2009 Euro-denominated revenue remain unhedged⁽¹⁾ and will therefore benefit from the current exchange rate. These foreign exchange contracts will be included in the year end financial statements at their market value though will not impact underlying earnings.

Management estimates that a 5 per cent strengthening in the Euro/Sterling exchange rate from current levels would increase asset under management by some £2.9 billion and that, on an unhedged basis, this would increase revenues by approximately £5.9 million⁽²⁾. After the impact of the hedging this would increase revenues by approximately £3 million.

⁽¹⁾ based on 31 December 2008 AUM

⁽²⁾ based on 31 December 2008 AUM and 31 December 2008 exchange rates

Fund Flows

During the fourth quarter institutional inflows were at their highest levels for three years, representing approximately half of full year 2008 institutional inflows and an increase in excess of 70 per cent over the same quarter in the prior year. Inflows were generated from a range of clients and across a number of geographies.

Overall the group saw net institutional outflows. In contrast to the diverse nature of institutional inflows, some 80 per cent of gross institutional outflows during Q4 related to two specific clients. The first was the maturity of a three-year fixed term contract to manage an index-linked bond mandate for a European publicly owned state-agency. Under the governance rules of this agency, mandates cannot be re-tendered for by the existing manager once the fixed term expires. The second significant outflow reflected the decision of a Dutch pension fund client to move from a balanced mandate to a fiduciary manager. This latter decision was announced by the client and its new manager in March 2008. Fee rates on both of these mandates were below the group's average fee rate.

The group saw small net outflows in mutual funds (OEICs and SICAV funds) during the fourth quarter, ending the year with broadly neutral flows in UK retail (-£4 million) and a net inflow of £225 million in international wholesale. Full year net flows in international wholesale increased 102 per cent over those achieved in 2007 despite materially tougher market conditions.

Fund flows for the quarter to 31 December 2008

Client Category	Inflows £m	Outflows £m	Net £m
Insurance Funds	N/A	N/A	(1,158)
Institutional	1,205	(3,826)	(2,621)
Sub Advisory	97	(335)	(238)
Investment Trusts	25	(51)	(26)
UK Retail (Mutual Funds)	74	(95)	(21)
International Wholesale (Mutual Funds)	43	(78)	(35)
Total	N/A	N/A	(4,099)

Fund flows for the 12 months to 31 December 2008

Client Category	Inflows £m	Outflows £m	Net £m
Insurance Funds	N/A	N/A	(4,419)
Institutional	2,368	(7,607)	(5,239)
Acquisition of REIT	3,218	--	3,218
Sub Advisory	384	(1,476)	(1,092)
Investment Trusts	139	(269)	(130)
UK Retail (Mutual Funds)	446	(450)	(4)
International Wholesale (Mutual Funds)	588	(363)	225
Total	N/A	N/A	(7,441)

The company will report its preliminary annual results for the year-ended 31 December on Tuesday 10 March 2009.

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