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Press Release

**For immediate release
29 April 2009**

F&C US Smaller Companies PLC puts in an award-winning performance

** Manager hopes to catch economic upturn with energy and industrial recovery plays **

F&C US Smaller Companies PLC has been named Best Small Companies Trust of 2008 in the 21st annual awards from Investment Trusts magazine.

The trust, managed by Robert Siddles, performed best out of 32 small-cap focused trusts covering the UK, North America, Japan and Europe, putting in a share price return (with income reinvested and after allowing for dealing charges) of -10.5% - more than three times the average of its US-invested peers and similarly ahead of small-cap sector averages in other regions (figures from Investment Trusts magazine, Summer 2009).

On a net asset value basis the trust did even better in calendar 2008, posting a positive NAV total return of 1.5% compared with -19.1% for the peer group average and -8.3% for the Russell 2000 Index. (Source: AIC.)

Although the awards are calculated on a purely quantitative basis (with the exception of the Best Group award), John Davis, editor of Investment Trusts magazine commented: "Underlying Siddles' success is a disciplined and relatively conservative investment style that focuses on companies with a strong franchise, free cashflow and insider ownership by management, and whose shares are considered by him to be cheap."

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F&C Asset Management plc is the listed holding company of the F&C Group.

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The trust has net assets under management of £52.03m (correct at 31 March 2009) and has seen its net asset value per share fall 14.1% in the first quarter of 2009, compared with a 15.1% fall in its benchmark, the Russell 2000 Index (sterling adjusted). (Source: interim management statement, 20 April 2009.) Over 12 months to 31 March the NAV total return for F&C US Smaller Companies was -6.8%, compared with a peer group average of -17.4% and a return from the Russell 2000 Index of -13.3%. (Source: AIC.) Past performance is not a guide to the future. The value of investments can go down as well as up and you may not get back the full amount invested.

Siddles has recently taken overweight positions in energy and industrial recovery plays relative to the trust's benchmark.

Explaining the thinking behind these recent moves, Siddles said: "We think the key to investing in energy is the long-term capital spending cycle: the drought in spending in the 1980s and 1990s will catch up with energy prices in the future." To capture this trend, he has been buying engineering and construction, energy service, exploration and production, coal and solar energy stocks.

Turning to industrial recovery, Siddles gives the example of metals-related stocks. "Steel manufacturing utilisation rates in the US have been hit hard by the recession - they have fallen from over 90% to around 50%. We think they will recover especially as inventory reduction gets worked out of the system. We have bought metals-related stocks: a speciality alloys producer (Allegheny Technologies), a coking coal producer (Walter Industries), a steel mill services company (Harsco) and a speciality advanced materials producer (Brush Engineered).

The trust maintains an underweight position in healthcare-related stocks, which Siddles says suffer on two fronts: first, the Obama administration's plans for universal healthcare coverage will have to be paid for by clawing back the growth of Medicare spending in other areas and, secondly, good healthcare stocks tend to be expensive.

Please see attached for the latest F&C US Smaller Companies PLC factsheet.

- Ends -

For more information, please contact Sarah Godfrey, communications manager for investment trusts at F&C Investments, on +44 (0) 20 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 £92.7 billion (€100.1 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, private equity funds and Liability Driven Investments. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C REIT Asset Management is the group's global property asset management business. It was formed in 2008 from the merger of F&C's property division and REIT Asset Management. F&C REIT operates from offices in London, Dublin, Istanbul, Munich, Mumbai and Stockholm.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning twelve countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), Turkey (Istanbul), UK (London, Edinburgh, Dorking) and the United States (Boston).
- In March 2009 F&C 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.

* As at 31 March 2009.