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Press Release

**For immediate release
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Investors tighten belts but keep faith with markets

** More than nine in 10 survey respondents say they will not sell as a result of recent market turmoil **

A survey of private investors by F&C Investments has revealed that while nearly half of respondents have decreased their expenditure as a result of the credit crunch, more than nine out of ten have no intention of selling their investments, and nearly as many believe the world economy and stockmarkets will recover within the next five years.

The survey, called 'Is now a good time to invest?', was sent to self-directed investors in F&C's investment trusts on 6 March 2009, at the end of a turbulent week that had seen the FTSE 100 Index drop to 3503 points and the Dow Jones reach its lowest level since August 1997.

Of the 786 investors who responded to the survey, half said the credit crunch had had no effect on their expenditure, while 47% had tightened their belts in response to current conditions.

However, when asked what they intended to do with their investment contributions, 58% said they would keep them at the same level, with a further 19% increasing either the level or the frequency of their contributions. Only 23% would invest either less, or less often.

Perhaps challenging the perception that private investors are most likely to capitulate and sell out at the bottom of the market, 94% said they had no intention of selling their investments as a consequence of current market conditions. Indeed, 60% of respondents felt now is a good time to invest in equities, though

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the level of uncertainty in the market was echoed by 32% of the survey group answering 'don't know' to this question, against only 8% believing it is a bad time to invest in equities.

When asked where they would invest in equities in the current climate, 30% of respondents chose the UK, with a similar number – 28% – opting for global equities. Next most popular were Asia on 19% and North America on 18%, with emerging markets and Europe bringing up the rear on 17% and 14% respectively. A fifth of respondents said they would not invest in equities at present.

Is current economic policy working?

The survey also asked topical questions about policy responses to the global financial and economic situation. The survey respondents were broadly supportive of world governments' current action to deal with the crisis, with 54% saying the authorities should continue with their current action, while 29% thought they should do more and 17% believed they ought to do less.

The survey group took a particularly hard line on the UK banking sector, with 69% saying the British Government should take stricter action towards banks to restore investor confidence. Some 22% thought the current action was sufficient while 9% felt the Government should not be intervening.

While only 4% supported wholesale nationalisation of the UK banking sector, 58% of respondents said they would support further bank nationalisations on a case-by-case basis, while 38% were opposed to nationalisation. More than 80% said their confidence in the banking sector had been dented by recent events.

When will the markets recover?

While not underestimating the scale of the current problems, the survey respondents were quietly optimistic about the future, with 87% predicting that the global economy and stockmarkets will recover within the next five years. Although only 11% are bullish enough to predict recovery within the next year, 37% backed a recovery within two years and 39% said it would take three to five years for the economy and markets to recover.

The medium to long-term nature of equity investing means investors should always take at least a three to five-year view. If F&C's investment trust investors have got it right on the likely timescale of a recovery, fortune could favour those brave enough to invest in these uncertain times. Using a collective investment such as an investment trust can help spread risk as well as giving access to a wide range of markets, and with regular savings schemes available from as little as £25 a month, dipping a toe in the equity markets need not take a big financial commitment.

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Mike Woodward, head of investment trusts at F&C Investments, said: “The message that investors are not giving up on the markets is borne out by our investment trust repurchase figures. Latest figures for the first quarter of 2009 show that redemptions are down significantly: by 56% compared with Q1 2008 and 77% compared with Q1 2007. We know the past couple of years have not been easy for equity investors, but it is encouraging that they seem to be keeping faith with the long-term benefits of investing in shares.”

- Ends -

For more information on F&C’s range of investment trusts, or to arrange an interview with Mike Woodward, please contact Sarah Godfrey 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 £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.

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