



F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone +44 (0)20 7628 8000
Facsimile +44 (0)20 7628 8188
www.fandc.com

Press Release

For immediate release
25th November 2009

Tigue spies emerging danger in 2010

The fund manager of one of the UK's most widely held investment vehicles, the 141-year-old Foreign & Colonial Investment Trust, anticipates that a 'blow-up' emanating from emerging markets could be a possible shock for investors in 2010.

Speaking at a briefing in London today, fund manager Jeremy Tigue warned of the risks from a major currency dislocation, most likely between China and the US dollar, causing upheaval in the coming year.

Tigue commented: "China is obviously the most important developing nation but concerns linger over their exchange rate. Do they let this go up against the dollar – impacting their domestic economy – or carry on with their current policy of keeping the exchange rate low – thus exporting deflation to the rest of the world and contributing to global economic problems?"

Tigue argues that, regardless of whether this will have a negative or positive impact over the long-term, a change in policy by Chinese authorities could be the catalyst for a market correction. China currently holds significant exposure to US Treasury bonds; a decision to ditch this policy could spark rate rises in the US and derail economic recovery in the developed markets.

Notwithstanding the risks of a market correction, Tigue believes the fundamental growth prospects for emerging markets remain stronger than the developed economies, where growth could be anaemic for some time.

F&C Management Limited is authorised and regulated by the Financial Services Authority (FSA) FRN: 119230. Limited by shares. Registered in England and Wales, No 517895. Registered address and Head Office: Exchange House, Primrose Street, London EC2A 2NY.

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.

However, on a valuation basis, Tigie points out that emerging markets command a premium to developed economies and that it may be harder for investors in 2010 and subsequent years to repeat the extremely high level returns seen in recent years.

Large-caps, defensives and healthcare tipped for developed markets

Turning to the developed markets, Tigie pointed out that UK mid-caps have been a 'sweet spot' in equities over the last 10 years, returning 110% versus large and small company returns during the same timescale of 13% and 31% respectively. He anticipates that the trend will likely swing back to the very large companies by the end of 2010.

Tigie believes one interesting theme to look out for in 2010 will be whether the 'dash for trash' that has been so prevalent in the last 6-7 months ends and investors return to defensives and healthcare stocks, which are both very cheap on an historic basis. The latter, particularly pharmaceutical companies, have been driven down in price whilst investors remain nervous over the future of drug prices, following the steps proposed by the Obama administration to alter healthcare provision. Once legislation is passed and there is greater clarity, they should look more attractive.

Tigie concluded: "The main message we can take from the last 12 months is that if equities look cheap by historic standards then investors are right to buy them – as anyone who invested at the bottom of the market can attest. Bull markets tend to begin when people are at their most pessimistic and gradually markets begin to recover. Investors do not need to worry again until optimism reigns; however, we are many years away from this situation. In the meantime, shares will grind slowly higher rather than shoot up over the next few years."

- Ends -

Press enquiries – 0207 011 4600

Jennifer Donohoe	Communications Manager	+44 (0) 20 7011 5017
Sarah Godfrey	Communications Manager	+44 (0) 20 7011 4215
Paula Garrido	Communications Manager	+44 (0) 20 7011 4190

Notes to Editors

F&C Investments

- F&C Asset Management (F&C) is an independent London Stock Exchange listed asset management group with around 100,000 shareholders.
- F&C traces its origins 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 manages £99.2 billion (€108.5 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. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C has three pillars to its strategy: *Advisory & Solutions* – the servicing of strategic partners and the provision of investment solutions and overlays such as shareholder engagement programmes, Liability Driven Investments, Asset & Liability Management, Multi-Manager and Fiduciary Management; *Alpha Investing* – active fund management across a diverse range of asset classes and markets but with a focus on UK and European equities and fixed income and Emerging Markets; *Environmental, Social & Governance Investing* – building on its market leading presence in ethical investment with new products.
- 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, 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 a dozen countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), 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 30 September 2009.

F&C Management Limited is authorised and regulated by the Financial Services Authority (FSA) FRN: 119230. Limited by shares. Registered in England and Wales, No 517895. Registered address and Head Office: Exchange House, Primrose Street, London EC2A 2NY.

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.