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## Press Release

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**For immediate release**  
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### **F&C Managed Portfolio Trust loads up on Asian dividends as UK companies feel the crunch**

F&C Managed Portfolio Trust, an innovative multi-manager investment trust launched last year to invest in closed-ended investment companies, has been building positions in Asian and other non-UK income funds in the search for attractive yield opportunities. Peter Hewitt, the Edinburgh-based manager of the trust, points out that the slide in sterling against other major currencies has significantly added to the attractions of overseas yield-generating funds for sterling-based investors.

In the hunt for dividends, F&C Managed Portfolio Trust has recently taken a new stake in Henderson Far East Income. F&C Managed Portfolio Trust, while not a split-capital trust, has two pools of assets, one for income and one for growth. A unique feature of the trust is that net income generated from holdings in the growth portfolio is transferred to the income portfolio in exchange for a capital contribution of an equivalent amount, providing a cost and tax-efficient means of reinvesting income for growth investors, and enhanced yield for income-seekers. The Income pool sits in the Global Growth & Income sector, where it is currently first out of seven trusts year-to-date [based on NAV total return to 31.01.09; source AIC/Datastream].

Unlike many income-focused trusts, the fund's portfolio is predominantly invested in equities, with more than a third in overseas stocks. Asian equity exposure now accounts for 12% of the income portfolio, against 46% in the UK. [Correct at 11/2/09]. The portfolio has a forecast yield of 7.75% for the year to 31 May [correct at

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17.02.09] and its overseas holdings are key in maintaining this in an environment where UK dividends are under pressure as the economy stalls. A major holding is European Assets Trust, an F&C-managed small and mid-cap specialist trust that accounts for 4.5% of the Income portfolio [correct at 31.01.09] and has a yield of 6%. This compares with an average yield on FTSE All-Share stocks of 5.1% [source: Financial Times, 18.02.09] - a figure that may well fall if expected cuts in dividends materialise.

With record low interest rates in the UK, income seekers are having to look beyond cash deposits, and the recent slide in sterling against other benchmark currencies means non-sterling dividends (both those on overseas stocks and the dollar-denominated dividends on big UK stocks such as BP and Shell) have become very attractive for sterling-based investors. [Bear in mind that exchange rates can move quickly and past performance is no guarantee of the future.]

Peter Hewitt, the trust's manager, says: "The opportunity base for income investors in overseas investment trusts has widened considerably – you can now get quite a few overseas trusts with a decent income. In the Far East (excluding Japan), as companies have become more interested in paying dividends, there are three quite chunky trusts to choose from. I now have positions in all three of these trusts."

The purchase of Henderson Far East Income adds to established holdings in Aberdeen Asian Income and Schroder Oriental Income. Although the longest-established of these three Asian income trusts, the Henderson fund was the last to make it into the portfolio. Hewitt says he initially avoided the trust because it used derivatives to achieve its income, but that it has since changed to reflect the dividend-paying capabilities of the stocks it holds, "which is a more honest source of dividends".

Hewitt bought into the trust at around par (it has recently been trading on a slight premium), with a yield of 5.75%. "There was no point in waiting for it to move out to a big discount; where the market sees a sustainable dividend, the rating tends to stay tight," he says. "The trust has no gearing, and I like the manager, Michael Kerley – he's quite sparky."

Kerley has recently been moving the Henderson trust's portfolio back towards China, where its weighting is now nearly 20%. "The Chinese market was down by two-thirds in 2008 and is probably in for another difficult year, but equally is probably representing outstanding value," says Hewitt, adding that the key to outperformance in China will probably be favouring domestically exposed stocks over those reliant on exports.

The F&C Managed Portfolio Trust was launched in April 2008 and has £25.7m of assets [correct at 31.01.09]. It is available through a range of wrappers and savings schemes.

**- Ends -**

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**For more information on the F&C Managed Portfolio Trust, or to arrange an interview with Peter Hewitt, please contact Sarah Godfrey on +44 (0) 20 7011 4215 or [sarah.godfrey@fandc.com](mailto: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 the 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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