

Multi Manager Team purchase US 'active' fund



F&C's Multi Manager Team have introduced an 'active' US exposure to their overseas equity allocation across the F&C Lifestyle and F&C Multi Manager portfolios.

The Team have added a 3% allocation to the Robeco US Premium Equities Fund in all four Lifestyle portfolios – Cautious, Defensive, Balanced and Growth – trimming their S&P500 ETF positions to fund the purchase.

In line with the Team's statement last month that SICAV vehicles domiciled outside of the UK should offer exciting opportunities in 2010, the fund is a Luxembourg domiciled SICAV actively managed by Boston Partners in America and sub-advised to Robeco (the parent company in the Netherlands).

Fund manager Paul Carne commented: "We've often cited the difficulties US active managers face in delivering consistent performance as the rationale for targeting passive US equity instruments but we believe that this offering could deliver better than index returns at the hands of its Boston based management team. Additionally, it sits well with our more upbeat assessment on the outlook for the US and its equity markets – a view which means we are happy to introduce the smaller and medium sized company exposure this fund provides."

The Team mirrored the same trade in the F&C Multi Manager Cautious, F&C Multi Manager Balanced and F&C Multi Manager Growth portfolios with

positions of 2%, 4% and 4.5% respectively.

Doel favours Connaught in UK Opportunities

F&C's Phil Doel has added Connaught, the integrated support services group, to his F&C UK Opportunities Fund.

Connaught's principal activity is providing integrated asset management and compliance services to the public and private sectors focusing on social housing maintenance, estate management, electrical and mechanical maintenance and specialist maintenance.

Their shares have been de-rated during the last year whilst investors focused on economically sensitive recovery situations, rather than steady growth companies, and over concerns of new business strain on cash flow (as contracts get bigger and more complex, mobilisation costs rise). There has recently also been a change in CEO with one of the group's founders standing down as executive chairman to be permanent CEO. Coupled with its UK-centric exposure and reliance on local government funding, there has been a fair mix of headwinds.

Whilst the change in management is not ideal, Doel believes that it represents a degree of continuity and the search for a well respected independent non-executive new Chairman should reassure. The returning CEO and FD have also both bought significant numbers of shares since the changes were announced.

Doel commented: "Despite some hiccups, I anticipate that the current market conditions will increasingly value genuine growth more highly again and that Connaught can demonstrate this as it continues to consolidate its leadership in UK social housing. This is a market where outsourcing demonstrably lowers cost and improves service, where contracts are being bundled which should favour larger players and where Connaught is already gaining a reasonable share."

F&C US Smaller Companies posts strong half-year results

F&C US Smaller Companies saw its net asset value (NAV) per share rise by 21.2% in the six months to 31 December 2009 as sentiment improved towards smaller companies and economic recovery in the US gathered strength; this slightly lagged the benchmark return of 25.5%.

However, the half-yearly financial results, released to the London Stock Exchange on Monday, saw the investment trust, managed by Robert Siddles at F&C Investments, build on very strong full-year performance to 30 June 2009, when NAV per share rose 8.7% compared with a 10.9% decline in the benchmark Russell 2000 (sterling adjusted) index. Over two years to 31 December 2009 NAV per share for the trust grew 23.2% compared with an increase of only 0.6% for the benchmark.

Siddles focused on two new areas of investment over the six-month period, both of which had previously lagged the market. The first was aerospace & defence, where new stocks included rocket manufacturer Orbital Sciences. The second was defensive stocks such as baked goods company Flowers Foods. Profits were taken from energy-related stocks as the oil price rose. The portfolio benefited most from its holdings in office supplies manufacturer ACCO Brands and technology specialists Bottomline Technologies and Avocent.

Commenting on the outlook for the US small-cap sector, trust chairman Gordon Grender (a respected US equity fund manager with GAM) said: "Small companies should benefit from economic recovery and provide a hedge should inflation accelerate. The outlook for the dollar could improve as the economy regains strength."

The full half-yearly results statement is available on request (please contact sarah.godfrey@fandc.com) or via the London Stock Exchange's Regulatory News Service (RNS) under the ticker FSC.

Press Contact: +44 (0)20 7011 4600

Jason Hollands (Corporate)
Tel: +44 20 7011 4168
jason.hollands@fandc.com

Paula Garrido (Institutional)
Tel: +44 20 7011 4190
paula.garrido@fandc.com

Jennifer Donohoe (OEICs)
+44 20 7011 5017
jennifer.donohoe@fandc.com

Sarah Godfrey (Investment Trusts)
Tel: +44 20 7011 4215
sarah.godfrey@fandc.com