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Press Release

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Stock dispersion set to rise in 2010, predicts F&C Zircon team

F&C Zircon Fund, a systematic European long-short equity fund managed by F&C Alternative Investments, has reached its second anniversary. Since its inception in January 2008 the Fund has demonstrated consistent performance in both bull and bear market conditions, returning 29.77% * with an annualised daily volatility of 7.71%.

The F&C Zircon Fund invests within the Stoxx 600 universe with a particular emphasis on the statistical arbitrage of pairs of stocks, i.e. taking a long position and short position on two stocks in the same sector, to create a diversified portfolio of long and short positions.

The portfolio managers, Darren Jordan and Phil Robinson, aim to capture excessive and unwarranted short term dispersions between pairs of stocks. Trade signals are generated by a proprietary model developed by the team which is overlaid by disciplined risk parameters and a liquidity screen that ensures that the focus is on large and mid cap stocks.

Darren Jordan, co-manager of the F&C Zircon Fund, commented: "Although we finished the year with a respectable 9% return following a 19.1% return in 2008, 2009 was a frustrating year for mean reversion market neutral strategies. We strongly believe that 2009's lack of dispersion was simply a reaction to the previous year's sharp decline in markets and high stock volatility. However on a risk-adjusted basis 2009 was a better year than 2008 and the success rate of our trades was higher."

The fund's absolute return of 9% for the year was achieved with a daily volatility of just 3.85% and a 1.6% daily drawdown (Peak-to-Trough).

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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.

Phil Robinson, co-manager of the fund, commented: "We are confident that 2010 will be a much more interesting year for us. The return of stock pickers will help raise dispersion which should enable us to find a greater number of trading opportunities."

Darren and Phil have been working together for over 12 years. They joined F&C Alternative Investments, the single strategy hedge fund division of F&C Investments, in the summer of 2007 after four years of running a partnership business which developed and traded a similar systematic strategy.

The F&C Zircon Fund, which has a minimum investment level of €500,000, has Euro, Sterling and US dollar share classes. Current investors include pension funds, discretionary wealth management managers and family offices. The Fund is domiciled in the Cayman Islands with a listing on the Irish Stock Exchange.

* Returns since January 2008 until the end of December 2009

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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 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.

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- 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.