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# Press Release

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**For immediate release**

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## **F&C Private Equity Trust announces success of £30m zeros placing**

F&C Private Equity Trust (FCPET; EPIC/TIDM FPEO) has announced the successful completion of its £30m zero dividend preference share issue. The zeros have been issued with a five-year life and a gross redemption yield (GRY) of 8.75%.

FCPET is a diversified investment trust that invests in private equity funds and direct investments. It focuses on the mid-sized segment of the European buyout market, which despite the challenges facing the private equity sector in general is increasingly seen as an attractive area. The underlying private equity funds often come with 'commitments' to further funding as and when required by the investee companies, and the issue of funding these commitments has been raised as a concern for a number of well diversified funds over the past year.

F&C Private Equity Trust funds the drawdown of commitments to private equity funds from a combination of the proceeds of realisations and bank borrowing. Whilst realisations have held up well during 2009 the banking sector's troubles have made it difficult to increase borrowing facilities. The issue of zeros will enable

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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.

the Company, managed by Hamish Mair at F&C Investments in Edinburgh, to fund drawdowns of commitments over the next few years, and to face the future with confidence.

Hamish Mair commented: “We had been looking at ways to improve our capacity to finance our ongoing undrawn commitments. In normal circumstances we would have increased our bank borrowing, but these are not normal circumstances – banks are seriously constrained from advancing additional lending at present, and private equity listed vehicles are affected by this along with everyone else.

“It was important that we could demonstrate to our shareholders that we had enough capital to meet our commitments as they are drawn down, and a zero dividend preference share issue was one of the more accessible routes to achieving that.

“We are pleased to have raised the full £30m we had targeted, particularly as ours was the third such issue<sup>1</sup> in just a couple of weeks.”

In summary, Mair added: “I can’t say for sure but it is possible that we have seen the worst of the decline in asset values for private equity funds, and in our case there is a good prospect of a stronger rating for the shares, which have a wider discount to asset value than a number of our peers. As a result of this successful issue of zeros we are now well-placed to benefit when the recovery kicks in. We have commitments which, as they are drawn, will allow us to participate in new deals. The additional capacity that the proceeds of the zero issue gives us should remove any question marks about our ability to meet these commitments.”

**- Ends -**

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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 Foreign & Colonial Investment Trust, the first ever publicly listed investment fund. Foreign & Colonial Investment Trust remains a client of F&C.

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<sup>1</sup> £30m of zeros issued by JP Morgan Private Equity began trading on 20 November and a further £30m issued by NB Private Equity began trading on 1 December.

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- 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.