F&C Private Equity Trust PLC

(as at 31 December 2017)

F&C Investments

April 2018

As at the 31 December 2017 the net assets of the Company were £264.1m giving a NAV per share of 357.23p, which after taking account of the semi-annual dividend of 6.92p paid on 3 November, represents an increase over the quarter of 0.9%. This gives an NAV total return over the whole of 2017 of 5.6%. As at 31 December the Company had net cash of £0.5m. Outstanding undrawn commitments were £123.4m with approximately £18.0m of these to funds where the investment period has expired and where we would expect only a small proportion to be drawn. In line with the Company's new quarterly dividend policy, a quarterly dividend of 3.55p was paid to shareholders on the register on 5 January 2018. A further quarterly dividend of 3.57p per share is payable on 30 April to shareholders who are on the register on 6 April.

As flagged, the fourth quarter was quite active with new investments. The total of drawdowns from funds and co-investments was £21.8m. No fewer than four co-investments were completed and there was one fresh fund commitment.

£3m has been invested in Walkers, a Leeds based transport and logistics company which specialises in small pallet loads and operates a distribution hub for one of the large pallet networks. The investment is led by Total Capital Partners, who also lead on our investments in Meter Provida and Weird Fish. £4m has been invested in Dotmatics, a specialist software company principally selling research enabling software to the pharmaceutical industry. The investment is led by SEP. €2m was invested in December in RGI, an Italian based provider of software solutions for the insurance industry. The deal is led by Corsair Capital, a financial services focused private equity house. $3m has been invested in Tier1 CRM, an Ontario based cloud-based customer relationship management software provider for financial services firms. The investment is led by Wavecrest Growth Partners, a Boston based lower mid-market growth equity firm focused on the software and tech enabled services sector.

We have continued to refresh our North American exposure with a new commitment of $8m to Blue Point Capital IV. Blue Point is based in Cleveland, Ohio and is a mid-market focused fund which generally invests in the vicinity of its HQ and close to its Seattle and Charlotte offices. Additionally, and unusually for a mid-market firm Blue Point has for many years successfully developed the China angle of its US investee companies.

The funds in the portfolio have been active with £10.8m drawn over the quarter. This makes the total of new investment in 2017 to £69.9m.

In the UK our key mid-market investment partners were active. Inflexion called a total of £2.3m across its range of funds for several different investments. Inflexion Enterprise IV, their lower mid-market fund, invested £0.3m into two new deals; Virgin Experience Days and Alston Eliot (Sports television graphics). Inflexion Buyout Fund IV called £1.1m for four investments; Xtrac (transmissions systems for racing cars), Bollington Wilson (commercial and personal insurance), PCMS (commercial software) and Atcore (software for travel agents). August Equity IV

Continued overleaf

Key facts

Trust aims: The objective is to achieve long-term capital growth through investment in private equity assets.

Trust highlights: Anticipated superior returns relative to the quoted markets. Access to a well diversified portfolio. Manager's understanding and access to 'up and coming' funds.

Fund type: Investment Trust

Launch date[1]**:** 2001

Total assets: £294 million

Share price: 339.00p

NAV – per IFRS: 357.23p

Discount/Premium(-/+): -5.1%

Dividend payment dates#**:** Jan, Apr, Jul and Oct

Net dividend yield†**:** 4.1%

Net gearing/Net cash***:** 0.2%

Management fee rate****:** 0.9%

Ongoing charges*****:** 1.27%

Year end: 31 December

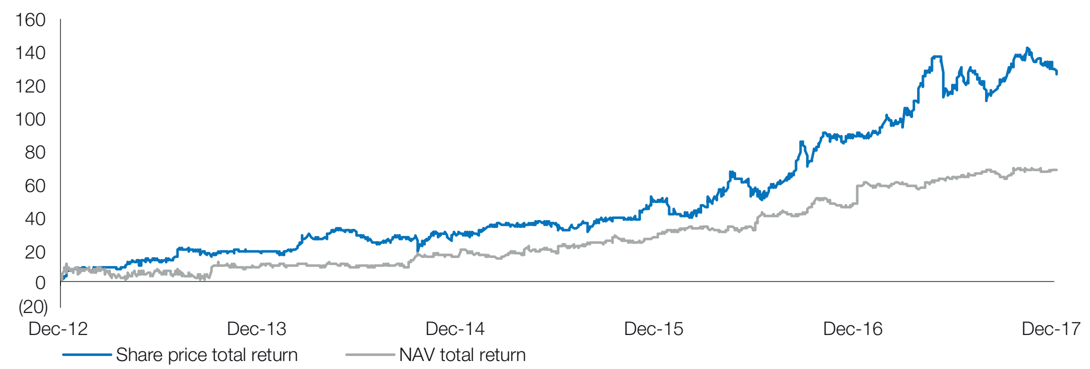
Sector: Private Equity

Currency: Sterling

Website: www.fcpet.co.uk

What Investment
Best Alternative Investment Trust
2016

5 year Fund performance



Cumulative performance (%) as at 31.12.17

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	N/A	5.6	5.6	43.8	69.6
Share price	-3.1	19.2	19.2	77.5	129.9

Standardised annual performance (%) as at 31.12.17

	2017	2016	2015	2014	2013
NAV	5.6	23.0	10.6	7.3	9.9
Share price	19.2	27.8	16.5	10.3	17.4

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. The fund may invest in private equity funds which are not normally available to individual investors, exposing the fund to the performance, liquidity and valuation issues of these funds. Such funds typically have high minimum investment levels and may restrict or suspend redemptions or repayment to investors. The asset value of these shares and its prospects may be more difficult to assess. If markets fall, financial leverage can magnify the negative impact on performance.

Past performance is not a guide to future performance.
Source: Datastream and F&C. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority.

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called £1.3m for three investments; Fosters (low cost funerals in Glasgow), Zenergie (energy procurement) and Genesis (Dental Practices). In Continental Europe Corpfin IV invested £0.5m in Kids & Us, a leading provider of English learning services in Spain, and £0.7m in Marjal, one of the leading operators of camping holiday resorts in Spain.

After the quarter end there were two further fund commitments. SEK 50m was committed to Verdane Edda, a Nordic area focused fund investing in technology and technology enabled companies. £5m was committed to Apiary Capital Partners I, a new lower mid-market UK fund focusing on B2B services, healthcare and education sectors.

Over the fourth quarter realisations totalled £13.5m bringing the total for 2017 to £65.1m, just below the level achieved in 2016. There were several notable exits coming from different parts of the portfolio.

In the UK August Equity II sold fostering company, Compass returning £2.5m. MML Capital exited US robotics company PAR returning £0.9m. Ticketscript and Weird Fish each returned some capital through loan stock redemptions amounting to £0.6m and £0.7m respectively. SEP IV sold online retailer Matchesfashion returning £1.2m.

In Europe Procuritas IV exited Sonans, a Norwegian schools chain returning £2.1m.

In the USA Blue Point returned £1.3m from the exit of valves and pipes company Smith Cooper and final sale proceeds from the 2015 sale of AWP. Camden IV returned £2.1m from the sale of healthcare software company, Essence Group.

There was an uplift for Ambio, our coinvestment in the peptide related active pharmaceutical ingredient sector, of £4.7m. Our valuation is well below that of the lead manager MVM as we have not ascribed any value to the various joint-venture projects. The company has nine such ventures and most of these are likely to contribute profits once each drug is released. Collingwood, our co-investment in Gibraltar based specialist motor insurer, has traded well, justifying an uplift of £1.9m. August Equity II is up by £1.2m reflecting the exit after the quarter end of Active Assistance.

Despite these positive movements, this quarter has seen a handful of substantial negative movements. These have come mainly from our co-investments although Primary Capital III was down by £0.6m.

David Philips (furniture for rental properties) has been reduced to zero, as the company, which was in breach of banking covenants, was sold to a consortium in December. Burgess Marine was reduced to zero. It was also a major factor in the reduction of the value of the RJD Fund II by £1.3m over the quarter. The company went into administration in December and the administrators sold the company's subsidiary Global. After collection of the debtor book there may be a small recovery for shareholders.

We have also recognised a large downgrade of £3.2m for the RJD led co-investment in debt management company Harrington Brooks. The company has been badly impacted by the prolonged process of becoming regulated by the FCA which has affected both Harrington Brooks and the debt management sector as a whole. There have also been downgrades for Nutrisure (superfoods) (£0.6m) and for Meter Provida (smart gas meters) (£0.8m) each due to weak trading.

The coincidence of these and the above-mentioned developments has offset most of the progress in the rest of the portfolio this quarter.

The company is effectively ungeared at present and has all of its £70m borrowing facility available. The facility expires at the end of June 2019 and we will commence discussions with RBS and some alternative lenders later in the year with a view to replacing the facility in due course.

Although this is not a down quarter the downgrades in the co-investments noted above has muted growth. Private Equity is an innately risky asset class and with geared capital structures some failures are to be expected. The general tenor of the European private equity market is good with fundamental progress in profits across the portfolio and a healthy two-way market of new deals and exits in many sectors and geographies. As noted on several occasions before, the price of new deals in the market in general is higher than in recent years although most of the deals made by our investment partners are below the market and not far away from our historically observed norms. Maintaining buying discipline and making realistic and conservative assumptions for their investment theses is critical and this appears to be happening. As we move further into 2018 confidence levels within the private equity market internationally are high and this should in due course allow us to deliver more growth for shareholders this year.

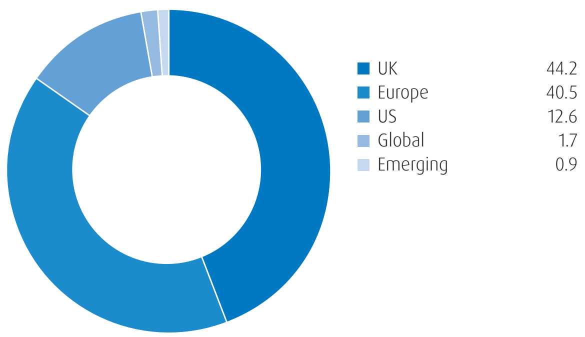
Trust codes

Sedol	
F&CPET - GBP	3073827

Top 10 holdings (%) ∞

Ambio Holdings	6.3%
Avalon	3.6%
Stirling Square Capital II	2.9%
TDR Capital II	2.6%
Argan Capital	2.5%
Collingwood	2.2%
Italian Portfolio	2.2%
Weird Fish	2.1%
Aliante 3	2.0%
August Equity II	2.0%
Total	28.4%

Geographical breakdown (%)



All data as at 31.12.17 unless otherwise stated.
All information is sourced from F&C, unless otherwise stated. All percentages are based on gross assets unless otherwise stated. #With effect from January 2018 the Company pays quarterly dividends in January, April, July and October. †The yield is calculated by annualising dividends declared for the Company's current financial year and the closing share price and exchange rate as at the end of the relevant month. [1]The Ordinary Shares of F&C Private Equity Trust were created as a share class in 2001. *Net debt/shareholders' funds. **Management fee information as at end of December 2017 and expressed as a percentage of average shareholders funds. ***Ongoing charges are total expenses (both revenue and capital) incurred by the Company (excluding finance costs and any performance fee) divided by the average net assets for the year ended 31 December 2017. Ongoing charges of the Company's underlying investments have not been included in this calculation. ∞ As a percentage of net assets at the period ended 31 December 2017.
The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. The fact sheet is issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (03/18)