

F&C Private Equity Trust plc

'Ordinary' Shares (as at 30 September 2011)



October 2011



Hamish Mair
Fund Manager

Trust aims

The Ordinary shares' objective is to achieve long-term capital growth through investment in private equity assets.

The Restricted Voting shares' objective is to manage the existing assets and to realise the value of those assets in a tax-efficient manner and return capital to shareholders.

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.

Average annual return

Compound average annual return figure over 5 years 0.9%

Key details (30 September 2011)

Fund Type	Investment Trust
Launch Date †	2001
Total assets	£223.0 million
Share price (30 Sept 2011)	159.50p
NAV (diluted) - per IFRS	241.08p
Discount/Premium (-/+)	-33.8%
Dividend Payment Dates	June
Net dividend yield (30 Sept 11)	0.6%
Current gearing*	126%
Management fee rate**	0.9%
Total expenses (2010)	1.5%
Year end	31 Dec
Sector	Private Equity
Currency	Sterling
Website	www.fcpet.co.uk

Standardised performance

	2010/11	2009/10	2008/09	2007/08	2006/07
Shareprice	29.9%	7.1%	-32.6%	-2.6%	14.4%

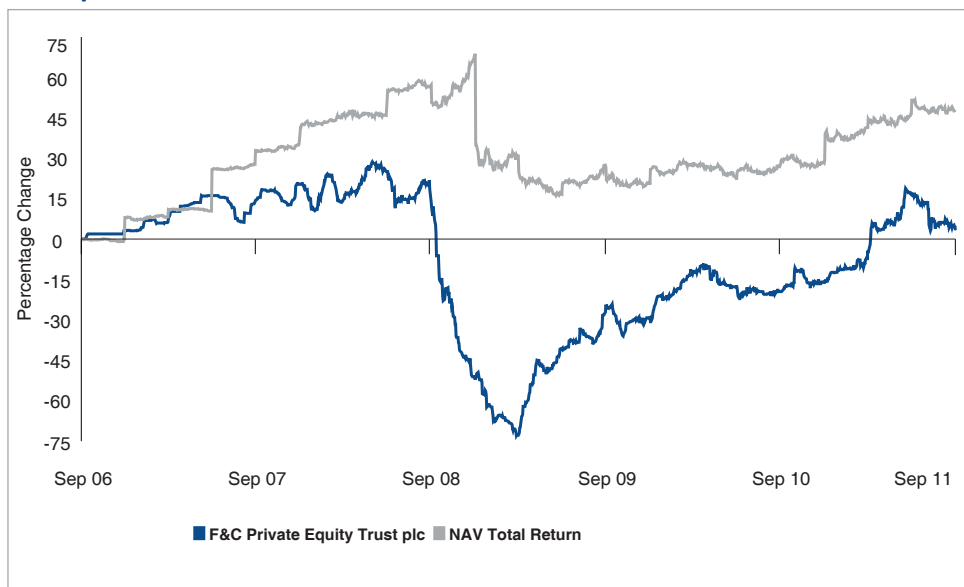
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Shareprice	-1.5%	23.6%	29.9%	93.8%	4.6%

Source: Datastream & Lipper. Basis: share price, percentage growth, bid to bid, net income reinvested. Basis in accordance to the regulations of the FSA.

Past performance is not a guide to future performance. The standardised performance table refers to 12 month periods ending 30 September. The cumulative performance table refers to cumulative periods ending 30.09.11.

Fund performance



Top ten holdings

Holding	% of net assets
August Equity Partners II	4.5%
Argan Capital	4.4%
August Equity Partners I	4.1%
Candover 2005 Fund	3.7%
Chequers Capital XV	3.6%
Warburg Pincus IX	3.5%
RJD Partners II	3.5%
Lifeways	3.3%
SEP III	3.2%
The Aurora Fund	3.1%
Total	36.9%

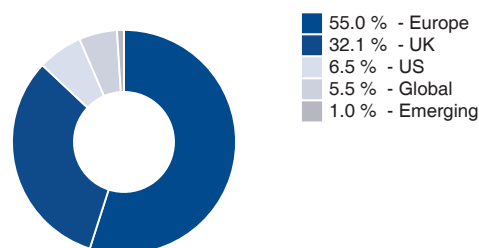
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'Ordinary' Shares (as at 30 September 2011)

Continued

October 2011

Trust geographical breakdown (30 September 2011)



Manager's commentary

The economic and market background over the third quarter has been tumultuous. The future of the eurozone continues to be debated and this has been a destabilising influence on business confidence which had been on a steadily improving trend for more than two years. As we have previously noted, the Company's largely European mid-market portfolio of private companies, with highly motivated management and fully engaged shareholders, is not an accurate proxy for the European economies or stock markets at large.

The underlying portfolio has made strong fundamental progress through the recessionary years and this momentum appears to have been maintained in recent months. The portfolio is not immune to the travails of the eurozone, but although the Company's net asset value (NAV) has not increased this quarter it has not gone backwards significantly. The NAV at 30 September 2011 was £176.4m, giving a fully diluted NAV per share of 241.08p, a decrease over the quarter of 0.9%. Adverse movements in currency, principally Euros, reduced the portfolio by approximately 2.4%, so in underlying terms the portfolio valuation was ahead by approximately 1.5%.

The only new investment completed during the quarter was a commitment of £2m to Glasgow-based venture capital fund, SEP IV. We have backed the SEP team since 1996 and in the difficult venture capital sector they have done well. This fund is expected to be around £200m when it reaches final close.

We are seeing a reasonable flow of good quality co-investment opportunities and would expect to complete a small number of these over the next few months. As we go into 2012 there are a number of our longstanding and successful investment partners who will be raising new funds and we will choose whom to back selectively and sparingly.

Drawdowns from funds in the portfolio amounted to £9.0m over the quarter; £4.5m from each of the UK and Continental Europe and £64k from US and global funds. This represents approximately 10% of outstanding commitments. Since the quarter end, approximately £4.5m of additional drawdowns have been made. This is a deceleration of the investment rate seen in the third quarter.

Over the quarter, realisations were £4.0m. In addition, another £0.7m of investment income has been received. Growth Capital Partners II sold confectionary business Tangerine to Blackstone, returning £1.1 million, representing an investment multiple of 3.8x and an IRR of 31%. Inflexion sold Red Commerce, returning £1.4m, for 4.4x cost and an IRR of 34%. In the venture capital portfolio, SEP II sold software company Zeus to US listed group Riverbed Technology for \$140m, returning £0.8m. This represented 7.8x cost and an initial IRR of 41%. Further payments are possible and the ultimate multiple could reach 12x.

Although the overall change in the valuation of the portfolio has been minimal there have been a large number of changes to individual valuations in the quarter. There have been several uplifts in the co-investment portfolio as a result of improved trading or to reflect value crystallizing exits in the quarter or shortly thereafter. There have also been several downgrades, which is unsurprising given the weak market background. Most of the larger downgrades are found outside the core European mid market portfolio and are associated with significant decreases in the valuation of comparable quoted companies.

The Company's balance sheet remains in good shape; including the ZDP creditor of £34.0m, gearing at the end of the period was 20.1% of total assets, with net debt of £8.8m slightly lower than at the beginning of the year. Discussions with lenders concerning the renewal of the £40 million revolving credit facility are proceeding well.

Our investment partners continue to find companies with growing profits at reasonable prices. Many of these are exposed to secular growth trends which provide a degree of resilience to some of the adverse economic currents. The evidence from the portfolio is that the subset of European mid-market businesses that has been able to attract private equity finance is naturally better positioned to ride out the recession. Accordingly, we believe it is reasonable to continue to expect good growth in asset value in the medium term. In the shorter term, developments in the Eurozone could present further challenges.

All data as at 30.09.11 unless otherwise stated.

All information is sourced from F&C, unless otherwise stated. † The Ordinary Shares of F&C Private Equity Trust were created as a share class in 2001. * Total assets / shareholders' funds. **F&C Private Equity Trust Plc also has management warrants and a management incentive fee structure in place. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Stock market and currency 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. The fact sheet is issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Services Authority (FSA). Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895.

Trust codes

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F&C PET - GBP	3073827