

Period:

For the 12 months ended 30 April 2013
www.fandc.com



Fund Manager:
Phil Doel

Investment Objective

The Fund aims to provide a yield significantly higher than that offered by the major UK equity indices with some long term capital growth. We will achieve this higher income by investing in equities with an above average yield rather than investing in fixed interest securities. The ACD may invest up to 10% of the portfolio overseas.

Fund Facts

Lead Fund Manager	Phil Doel
Deputy Fund Manager	Julian Cane
Sector	UK Equity Income
Benchmark	FTSE All-Share Index
Launch date	5 November 1968
Fund size	at 30 April 12 £193.82m
	at 30 April 13 £208.33m
	£1,000 lump sum,
Minimum Investments	£50 per month
	4.50% (1 Acc), 4.60% (1 Inc),
	0.00% (2 Acc), 3.80% (2 Inc),
Historic Yield	4.60% (4 Inc)
Share type	Accumulation/Income
Number of stocks	60
Initial charge SC1	5.00%
Annual charge SC1	1.50%
	1.79% (1 Acc), 1.83% (1 Inc),
	0.92% (2 Acc), 1.83% (2 Inc),
Ongoing charges	0.05% (4 Inc)
Account dates (interim)	31 October
(annual)	30 April
Distribution dates	30 June, 31 December

Market Review

The value of UK equity markets appreciated over the twelve months under review despite the fact that the economy was constantly either in or on the brink of recession. In an effort to support economic activity, the Bank of England announced further tranches of stimulus funding through its quantitative easing programme and kept interest rates anchored at 0.5%. However, this failed to filter into the real economy for most of the period as lending remained tight. A successful Olympic games provided a surprise but short-lived boost to growth and, with government finances continuing to deteriorate, the UK lost its coveted AAA-credit rating in February 2013. A recovery of the service sector and a return to economic growth in the first quarter of 2013 gave some cause for optimism as the period drew to a close.

Fund Strategy

In the first half of the period we added to cheaper defensive stocks such as Capita and AstraZeneca, to resource companies such as Providence Resources and BHP Billiton, and to financial stocks including Lloyds TSB, Resolution and Standard Chartered. This resulted in the portfolio being more sensitive to moves in the markets, although we kept this at a cautious level. We also purchased Barclays as we felt the change in CEO and chairman was an important step forward for the company. Later in the period under review we added BT Group after a positive meeting and evidence of very strong dividend growth, and switched from GlaxoSmithKline to Novartis on far better medium-term prospects. Significant sales included Roche and Pearson after periods of strong performance as well as Imperial Tobacco and Vodafone after trading deteriorated, respectively, due to regulatory pressures and a weakening of the European mobile market.

Market Outlook

Global economic growth expectations for 2013 have held up in recent months, despite the negative impact of budget cuts and tax hikes in the US. The recent crisis in Cyprus, however, reminds us that the Eurozone remains fragile and this, along with ongoing austerity measures, continues to dampen economic growth prospects. Companies remain cautious despite increased market optimism created by central banks' provision of liquidity. Whilst equities now look less cheaply valued in isolation, they remain attractively priced relative to other asset classes, although after the performance of the last nine months a period of consolidation is likely. We are encouraged by the apparent reopening of the UK Initial Public Offering market in recent months. This is a sign of broader investor confidence in UK equities.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Accumulation	124.4	114.4	2.8797
2013	1 Income	81.44	74.88	1.8354
2013	2 Accumulation	57.18	52.60	1.4276
2013	2 Income	111.5	102.5	2.2190
2013	4 Income	94.16	86.34	2.3321

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 30 April 2012 (pence)	Net Asset Value as at 30 April 2013 (pence)
1	Accumulation	105.7	122.3
1	Income	70.69	78.25
2	Accumulation	-	56.29
2	Income	96.49	107.4
4	Income	80.67	90.45

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid payable (pence per share)	Distribution period	Distribution Date
1 Accumulation	2.8797	Final	30/06/2012
1 Income	1.8354	Final	30/06/2012
2 Accumulation	1.4276	Final	30/06/2012
2 Income	2.2190	Final	30/06/2012
4 Income	2.3321	Final	30/06/2012
1 Accumulation	2.3296	Interim	31/12/2012
1 Income	1.5799	Interim	31/12/2012
2 Accumulation	-	Interim	31/12/2012
2 Income	1.7327	Interim	31/12/2012
4 Income	1.7887	Interim	31/12/2012

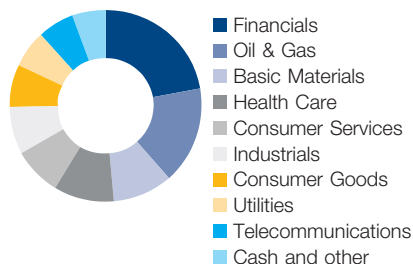
Top Ten Holdings

As at 30 April 2012	%
GlaxoSmithKline	6.76
BP	5.73
HSBC	5.37
British American Tobacco	5.08
Vodafone	4.44
BHP Billiton	3.17
Centrica	2.90
Rio Tinto	2.86
Royal Dutch Shell 'B' Shares	2.71
BAE Systems	2.52
Total	41.54

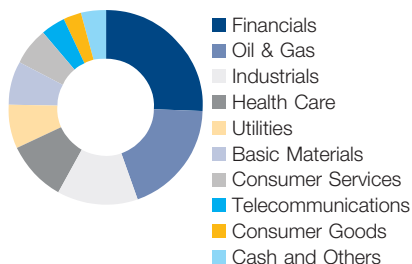
As at 30 April 2013	%
HSBC	6.17
Royal Dutch Shell 'B' Shares	4.18
BAE Systems	4.11
AstraZeneca	3.94
BP	3.72
Rio Tinto	3.25
Centrica	3.23
GlaxoSmithKline	3.11
British American Tobacco	3.05
Standard Chartered	2.98
Total	37.74

Portfolio Breakdown

As at 30 April 2012

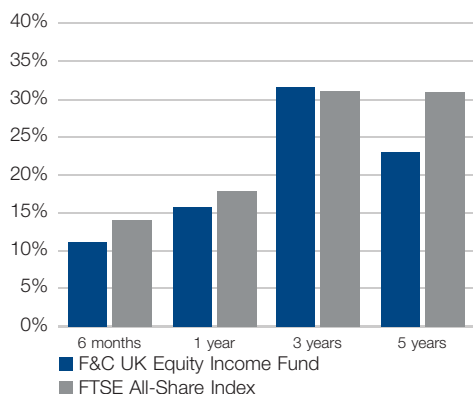


As at 30 April 2013

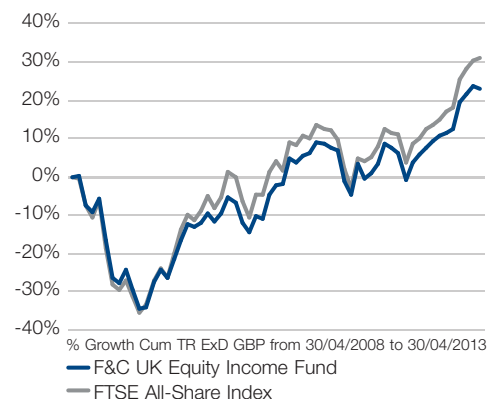


Fund Performance

As at 30 April 2013



As at 30 April 2013



Standardised Performance

30 April 2008 to 30 April 2009	30 April 2009 to 30 April 2010	30 April 2010 to 30 April 2011	30 April 2011 to 30 April 2012	30 April 2012 to 30 April 2013
-27.27%	28.54%	16.84%	-2.65%	15.76%

Past Performance is not a guide to future performance.

Source: Lipper, percentage growth total return (UK net tax), mid to mid, with no initial charges. Share Class 1 accumulation shares. For past performance data for the full range of F&C Funds visit www.fandc.com

Risk Profile

Derivative Risk: derivative values rise and fall at a greater rate than equities and debt instruments. Losses can be greater than the initial investment.

Charges from Capital Risk: taking the charges for the capital of the Fund to increase the distributable income may impact on capital returns.

Yield Risk: the yield on the FTSE All-Share Index can fall and rise and is not guaranteed.

Report and Accounts

Copies of the annual and half yearly Reports and Accounts for the F&C Investment Funds ICVC, which include this Fund are available free of charge on request to the ACD or can be downloaded from our website www.fandc.com.

Other information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the Fund during this and previous periods, please contact the Authorised Corporate Director. Amendments to the investment objective to clarify the Fund may invest in convertibles and preference shares and is not prevented from holding fixed interest securities will take effect from 1 October 2009.

Authorised Corporate Director

F&C Fund Management Limited, Exchange House, Primrose Street, London EC2A 2NY

Telephone: 0800 0852 752

Regulated by the Financial Conduct Authority.

Investment Advisor

F&C Managers Limited, Exchange House, Primrose Street, London EC2A 2NY

Depositary

State Street Trustees Limited, 20 Churchill Place, London E14 5HJ

Administrator and Registrar

International Financial Data Services (UK) Limited, IFDS House, St Nicholas Lane, Basildon, Essex, SS15 5FS

Independent Auditor

PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH

Fund Accounting and Unit Pricing

State Street Bank and Trust Company, 525 Ferry Road, Edinburgh, EH5 2AW

Legal Advisers

Eversheds LLP, One Wood Street, London EC2V 7WS

The F&C UK Equity Income Fund is a sub-fund of the F&C Investment Funds ICVC (IC36). Applications may only be made on the basis of the current Prospectus. Calls may be recorded. Past performance is not a guide to future performance. The Authorised Corporate Director (ACD) of the ICVC is F&C Fund Management Limited, a subsidiary of F&C Asset Management plc, Authorised (no 121940) and regulated by the Financial Conduct Authority (FCA). Registered Office; Exchange House, London EC2A 2NY. Registered in England No. 2170242. A registered company, limited by shares. A copy of the Key Investor Information Document is available from www.fandc.com.

UK Equity Inc 08/13

