

Period:

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



Fund Manager:
Mark Nichols

Investment Objective

The Fund aims to achieve capital growth and a high level of income, through investment in European equities.

The Fund will invest primarily in the main European markets with an emphasis on continental European markets. Although a large proportion will be held in large-cap stocks there will often be some investments in smaller companies. Derivatives may be used to increase, reduce or maintain investment exposures. The Fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Fund Facts

Lead Fund Manager	Mark Nichols
Deputy Fund Manager	David Moss
Sector	Europe Excl. UK
Benchmark	FTSE World Europe ex UK Index
Launch date	9 November 1988
Fund size	at 30 April 12 £155.78m
	at 30 April 13 £218.15m
	£1,000 lump sum.
Minimum Investments	£50 per month
	1.70% (1 Acc), 2.30% (1 Inc)
	2.50% (2 Acc), 2.20% (2 Inc)
Historic Yield	2.70% (3 Acc)
Share type	Accumulation/Income
Number of stocks	43
Initial charge SC1	5.00%
Annual charge SC1	1.50%
	1.84% (1 Acc), 1.84% (1 Inc)
	0.86% (2 Acc), 0.97% (2 Inc)
Ongoing charges	0.49% (3 Acc)
Account dates (Interim)	31 October
	(annual) 30 April
	30 June, 30 September
Distribution dates	31 December, 31 March

Market Review

European equities posted strong returns over the twelve months to 30 April 2013, outperforming most other equity market regions. This strong gain was achieved despite the ongoing political turmoil caused by the sovereign debt crisis and the onset of recession in the third calendar quarter of 2012. This environment was nevertheless a positive one for stock selection and funds which employ a bottom-up process. Confidence in equities had been supported by moves by the authorities to boost the financial system. There were several important developments in this regard, including the introduction of the Outright Monetary Transactions programme by the ECB, as well as the announcement of their intention to buy up the bonds of the most distressed nations as part of an announced commitment to do 'everything it takes' to save the eurozone. Although share prices stuttered in March 2013 in reaction to a deepening recession, an inconclusive Italian general election and a mishandled bailout of Cyprus, markets were able to extend previous gains.

Fund Strategy

Early in the review period we added new positions in Air Liquide, the French multinational which supplies industrial gases, and online gaming company Betsson, which both exhibit attractive growth rates and dividend yields. We added to our existing position in Swedish investment firm Kinnevik after a period of share price weakness. We sold out completely of our position in Credit Suisse on concerns over capital adequacy. We subsequently increased the portfolio's weighting to BNP Paribas and AXA. We also added to our holding of UBS as this stock offered an attractive value proposition. In the latter half of the review period we bought Italian financial firm Intesa Sanpaolo which we believe has excellent long-term prospects. We increased our exposure to the small number of listed European cable companies. This proved to be timely as each share became the subject of merger and acquisition speculation. One such purchase was Ziggo which has good potential income growth. Sells included Svenska Handelsbanken and Booker, both of which were reduced after runs of strong performance.

Market Outlook

The road to recovery for the eurozone financial system will be anything but smooth, with recent events such as the indecisive general election in Italy and the mis-handled bailout for Cyprus illustrating the dangers that still threaten the continent's political and financial stability. Despite the increased volatility these headline-grabbing issues trigger in stock markets we remain fundamentally of the view that European funding markets are repairing themselves, thereby underpinning equity prices. We believe that selected European equities can offer an attractive source of income and capital growth for bottom-up stock-pickers and we also note the increasingly global base of earnings generated by European companies which diversifies risk away from domestic earnings companies. The Fund is a focused collection of high quality companies that are well-managed and that offer attractive upside over the medium to longer term. We remain overweight well-capitalised financials which have strategic and competitive advantages because of their access to capital.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Accumulation	632.2	552.1	6.2690
2013	1 Income	136.1	118.9	1.2534
2013	2 Accumulation	143.6	125.2	2.5801
2013	2 Income	134.2	117.0	1.2979
2013	3 Accumulation	746.2	650.1	15.6167

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	469.1	621.0
1	Income	102.8	132.5
2	Accumulation	105.6	141.2
2	Income	100.6	130.7
3	Accumulation	547.2	734.3

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Accumulation	6.2690	Final	30/06/2013
1 Income	1.2392	Final	30/06/2013
2 Accumulation	2.5801	Final	30/06/2013
2 Income	1.2676	Final	30/06/2013
3 Accumulation	15.6167	Final	30/06/2013
1 Income	0.0142	Interim	31/03/2013
2 Income	0.0303	Interim	31/03/2013
1 Income	0.3022	Interim	31/12/2012
2 Income	0.3339	Interim	31/12/2012
1 Income	1.5147	Interim	30/09/2012
2 Income	1.4875	Interim	30/09/2012

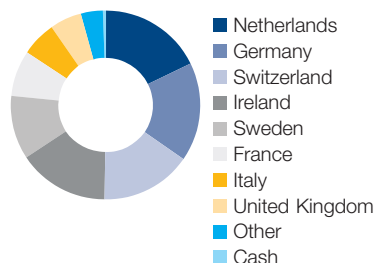
Top Ten Holdings

As at 30 April 2012	%
Svenska Handelsbanken 'A' Shares	5.43
Novartis	4.63
Allianz	4.54
Roche	4.26
SAP	4.23
Glanbia	3.99
Unilever	3.96
C&C	3.73
Reed Elsevier	3.01
Booker	2.91
Total	40.69

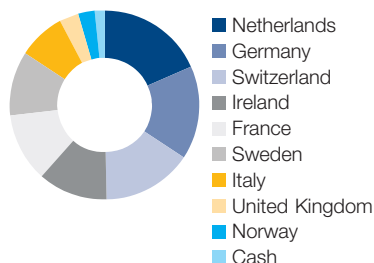
As at 30 April 2013	%
Novartis	4.86
Svenska Handelsbanken 'A' Shares	4.60
Roche	4.58
SAP	3.94
Glanbia	3.91
Allianz	3.85
Unilever	3.81
C&C	3.36
DnB	2.81
AXA	2.79
Total	38.51

Portfolio Breakdown

As at 30 April 2012

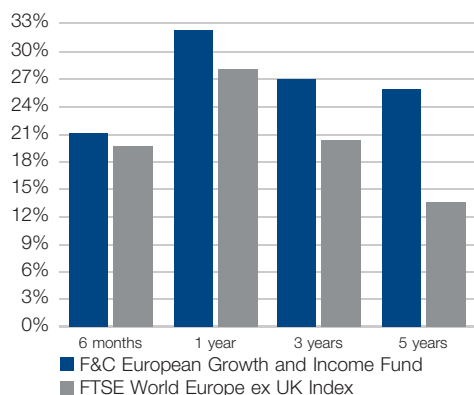


As at 30 April 2013

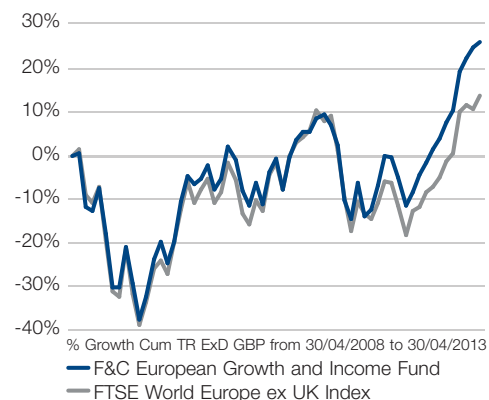


Fund Performance

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
-23.62%	29.67%	9.45%	-12.28%	32.35%

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

Currency Risk: your investment may be adversely affected by changes in currency exchange rates.

Liquidity Risk: the ability to buy and sell assets at a favourable price may be affected by a low level of counterparties willing to enter into a transaction with the Fund.

Smaller companies risk: smaller companies carry a higher degree of risk and their value can be more sensitive to market movement.

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

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. The current investment objective took effect from 1 October 2008.

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

Depository

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 European Growth and 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.

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