

## Period:

For the 12 months ended 31 March 2013  
[www.fandc.com](http://www.fandc.com)



**Fund manager:**  
 Arnal Patel

## Investment Objective

To provide investors with enhanced cash returns while aiming to preserve capital and maintain a high average credit quality for the Fund's underlying securities.

## Fund Facts

Lead Fund Manager	Arnal Patel	
Deputy Fund Manager	Ian Robinson	
Sector	Lipper Global Class - Bond GBP Short Term	
Benchmark	3M Libor	
Launch date	19 June 2007	
Fund size	at 31 March 2012	£34.58m
	at 31 March 2013	£35.14m
Minimum Investments	£250,000 lump sum	
Share type	Distribution	
Number of stocks	78	
Initial charge	N/A	
Historic Yield	1.00%	
Annual charge	N/A	
Ongoing charge	0.11%	
Account dates (interim)	30 Sep	
	(annual)	31 March
Distribution dates	31 May	

## Market Review

The Bank of England's Monetary Policy Committee (MPC) kept the base rate at 0.5% during the twelve months under review. The quantitative easing programme was increased once during the period, by £50 billion, taking the total to £375 billion. The rate of consumer price inflation fell from 3.5% to 2.8%. 3-month LIBOR, the rate at which banks lend to each other, ended the period at 0.51%.

## Fund Activity

The Fund invests in a broad array of fixed income assets including floating rate notes. Typical issuers include HSBC Bank, Rabobank and Credit Suisse. The Fund also holds fixed rate corporate bonds (for example those issued by Roche Holdings, BMW and Unilever) and also asset-backed securities (linked to UK prime RMBS, autoloans and credit card receivables). The Fund's commercial paper (CP) and certificate of deposit (CD) holdings which were less than three months to maturity at the start of each quarter were mostly rolled into maturities ranging from 3 to 6 months, depending on relative value.

## Outlook

Money market rates are expected to remain low as the Bank of England keeps interest rates on hold at 0.5% against a backdrop of a stagnant economy. The market will also be held back if, as expected, the Bank announces further quantitative easing in a bid to revive growth. The impact of the funding for lending scheme will also be closely monitored by market participants.

Externally, the threat of further turbulence relating to the eurozone crisis could see further volatility in the credit spreads of periphery eurozone assets.

## Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	4 Accumulation (Gross)	106.0	105.5	1.2081

## Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 31 March 2012 (pence)	Net Asset Value as at 31 March 2013 (pence)
4	Accumulation (Gross)	104.2	105.9

## Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
4 Accumulation (Gross)	1.2081	Final	31/05/2013

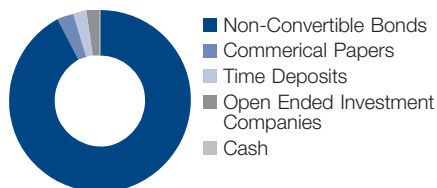
## Top Ten Holdings

As at 31 March 2012	%
Bruntwood Alpha (FRN) 1.28956% 2017	4.59
Equity Release Funding (FRN) 1.433% 2039	3.91
Southern Pacific Securities (FRN) 1.40963% 2043	2.93
UK Treasury Bill 0% 04/2012	2.89
UK Treasury Bill 0% 05/2012	2.89
First Flexible (FRN) 1.27869% 2033	2.46
UK Treasury Bill 5.25% 2012	2.33
Taurus (FRN) 1.27956% 2024	2.25
F&C Money Markets Fund 4 Inc	2.09
Turbo Finance (FRN) 2.18895% 2019	2.02
<b>Total</b>	<b>28.36</b>

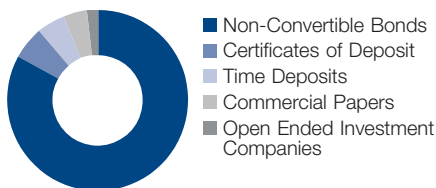
As at 31 March 2013	%
Santander (FRN) 0.35% Perpetual	3.84
Southern Pacific Securities (FRN) 0.87688% 2043	2.36
F&C Money Markets Fund 4 Inc	2.05
HSBC (FRN) 1.10688% 2014	2.00
Suncorp-Metway 4% 2014	1.97
First Flexible (FRN) 0.74688% 2033	1.97
Arkle Master Issuer (FRN) 1.91% 2060	1.86
Gracechurch Mortgage Financing (FRN) 0.61875% 2056	1.85
Unilever 4% 2014	1.83
Gracechurch Card Funding (FRN) 1.59375% 2018	1.74
<b>Total</b>	<b>21.47</b>

## Portfolio Breakdown

As at 31 March 2012

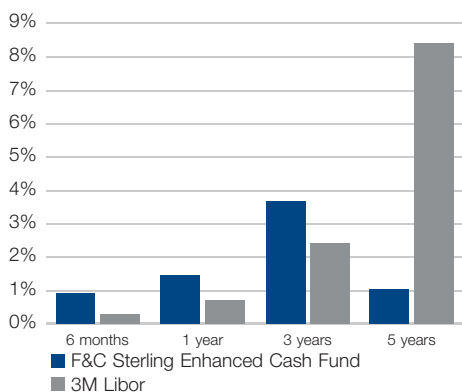


As at 31 March 2013

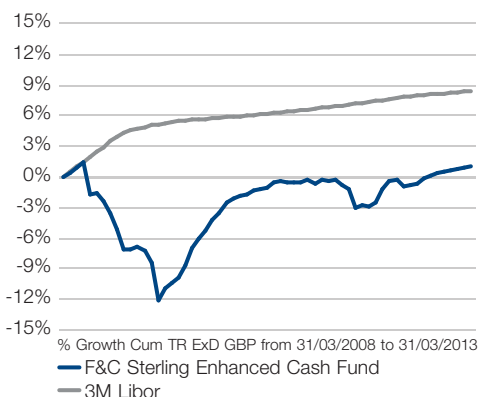


## Fund Performance

As at 31 March 2013



As at 31 March 2013



## Standardised Performance

31 March 2008 to 31 March 2009	31 March 2009 to 31 March 2010	31 March 2010 to 31 March 2011	31 March 2011 to 31 March 2012	31 March 2012 to 31 March 2013
-7.21%	5.05%	2.36%	-0.18%	1.45%

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. For past performance data for the full range of F&C Funds visit [www.fandc.com](http://www.fandc.com)

## Risk Profile

**Interest Rate Risk:** your investment may be adversely affected by changes in interest rates.

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

**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.

**Credit Risk:** receiving income due from debt instruments is dependant upon the provider's ability to pay.

## Report and Accounts

Copies of the annual and half yearly Reports and Accounts for the F&C Liquidity Plus 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](http://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.

### Authorised Corporate Director

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

Telephone: 0800 085 2752

Regulated by the Financial Services 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 Sterling Enhanced Cash Fund is a sub-fund of the F&C Liquidity Plus ICVC (IC538). 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 Services Authority (FSA). Registered Office; Exchange House, London EC2A 2NY. Registered in England No. 2170242. A registered company, limited by shares. A copy of the Key Investor Document is available from [www.fandc.com](http://www.fandc.com).

Sterling Enhanced 07/13

