

Period:

For the 12 months ended 31 Dec 2012
www.fandc.com



Fund Manager:
Peter Hewitt

Investment Objective

The Fund aims to outperform the Investment Trust Sector Index while delivering an average sector yield. It invests mainly in investment trusts in the UK.

Fund Facts

Lead Fund Manager	Peter Hewitt
Deputy Fund Manager	Rodger McNair
Sector	Flexible Investment
Benchmark	FTSE All-Share Equity Investment Instruments
Launch date	25 November 1985
Fund size	at 31 Dec 2011 £28.86m
	at 31 Dec 2012 £32.02m
	£1,000 lump sum,
Minimum Investments	£50 per month
Historic Yield	0.0%
Share type	Accumulation/Distribution
Number of stocks	47
Initial charge	5.00%
Annual charge	1.25%
Ongoing charge	1.66%
Account dates (interim)	30 June
(annual)	31 Dec
Distribution dates	28 Feb, 31 Aug

Market Review

Despite all the macro uncertainties that have continued to plague global financial markets throughout 2012, from the US fiscal cliff to a hard landing for the Chinese economy, sovereign credit risk particularly in Europe or even a break up of the euro, most equity markets managed to achieve decent real returns over the period. Indeed, rather surprisingly the FTSE All-Share Index rose in every individual month from June until the year end in what might be termed a 'stealth' bull market. The FTSE Equity Investment Instruments Index (the sector index for investment companies) which is the universe in which the Fund is invested did slightly better than the FTSE All-Share Index in performance terms rising by 14.8% against 12.3% in total return terms

Fund Activity

Our portfolio strategy remains focused on providing investors with the potential for long-term capital growth through a diversified portfolio of investment trusts. The portfolio's composition reflects the combination of our top-down economic and market views together with our individual fund selection and monitoring process. Major purchases over the first half of the year included two specialist funds, BH Macro, a fixed income orientated hedge fund and Cayenne Trust, an absolute return mandated fund, together with the Edinburgh Investment Trust, a UK generalist with an excellent track record. The largest sales during the first half of the period included BlackRock World Mining Trust, British Empire Securities & General Trust and the Foreign & Colonial Investment Trust. In the latter half of the year holdings in Finsbury Growth & Income and Schroder UK Mid Cap Fund were added to and new positions taken in the Aberdeen Asian Income Fund and the Schroder Oriental Income Fund. On the sales side, holdings in Alliance Trust, Candover Monks Investment Trust and SVM Global were exited completely.

Outlook

The short-term resolution of the US fiscal cliff problem has removed a degree of uncertainty hanging over the US and global equity markets. However, we expect to see continued volatility with the US budget issues and European economic woes likely to weigh on markets, but there is the potential for positive surprises. We maintain a bias towards high quality companies and see this as particularly important during times of economic uncertainty.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2012	1 Accumulation	171.2	147.5	0.9757
2012	4 Income	164.4	141.2	3.3378
2012	C Accumulation	55.03	49.16	0.5516

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 31 December 2011 (pence)	Net Asset Value as at 31 December 2012 (pence)
1	Accumulation	144.4	170.1
4	Income	140.5	161.8
C	Accumulation	-	54.90

Distributions for the period

Share Class (Income/Accumulation)	Distribution payable (pence)	Distribution period	Distribution Date
1 Accumulation	0.4124	Final	28/02/2013
4 Income	1.6174	Final	28/02/2013
C Accumulation	0.5516	Final	28/02/2013
1 Accumulation	0.5633	Interim	31/08/2012
4 Income	1.7204	Interim	31/08/2012

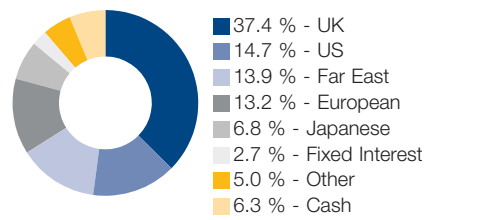
Top Ten Holdings

As at 31 December 2011	%
Templeton Emerging Markets Investment Trust	5.74
BlackRock World Mining Trust	5.21
F&C Investment Trust	5.11
Scottish Mortgage Investment Trust	5.08
Perpetual Income & Growth Investment Trust	4.47
British Empire Securities & General Trust	4.44
Monks Investment Trust	4.43
Polar Capital Technology Trust	4.21
Bankers Investment Trust	4.20
Murray International Trust	3.94
Total	46.83

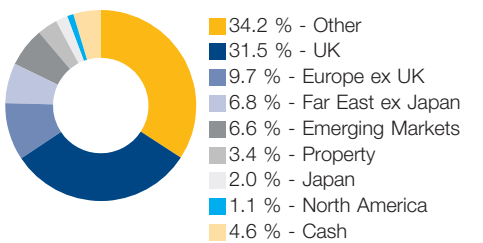
As at 31 December 2012	%
Scottish Mortgage Investment Trust	5.25
Perpetual Income & Growth Investment Trust	4.55
Polar Capital Technology Trust	4.18
Edinburgh Dragon Trust	4.17
Murray International Trust	4.06
Templeton Emerging Markets Investment Trust	3.66
Jupiter European Opportunities Trust	3.58
TR Property Investment Trust	3.48
Mercantile Investment Trust	3.19
Bankers Investment Trust	3.17
Total	39.29

Portfolio Breakdown

As at 31 December 2011

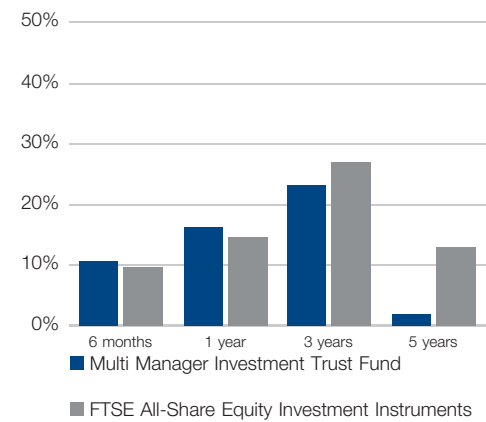


As at 31 December 2012

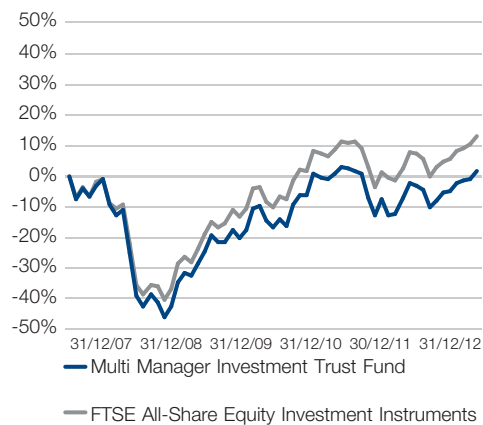


Fund Performance

As at 31 December 2012



As at 31 December 2012



Standardised Performance

31 Dec 2007 to 31 Dec 2008	31 Dec 2008 to 31 Dec 2009	31 Dec 2009 to 31 Dec 2010	31 Dec 2010 to 31 Dec 2011	31 Dec 2011 to 31 Dec 2012
-38.78%	34.99%	22.09%	-13.07%	16.19%

Past Performance is not a guide to future performance.
Source: Lipper. For past performance data, for the full range of F&C Funds visit www.fandc.com

Risk Profile

Investment Trusts Risk: the Fund holds investment trusts, the value of investment trust shares is dependant on the supply and demand for the shares and can be above or below the value of the underlying assets of the investment trust.

Report and Accounts

Copies of the annual and half yearly Reports and Accounts for the F&C Investment Funds ICVC III, 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.

Authorised Corporate Director

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

Telephone: (0207) 506 1100

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

F&C Fund Management Limited, PO Box 9040, Chelmsford, Essex CM99 2XH

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 Multi Manager Investment Trust Fund is a sub-fund of the F&C Investment Funds ICVC III (IC105). 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

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