

Review Period:

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



Fund Manager:
Peter Lees

UK Alpha Fund

The Fund aims to achieve medium to long term growth of capital through investment mainly in UK equities. Some companies may have overseas earnings as part of their trading profits.

The Fund invests mainly in a broad spread of UK equities. Although a large proportion will usually be invested in leading stocks there will often be included some investments in medium and smaller stocks.

Fund Facts

Lead Fund Manager	Peter Lees
Deputy Fund Manager	Phil Doel
Sector	UK All Companies
Benchmark	FTSE All-Share Index
Launch date	24 April 1970
Fund size	at 30 April 12 £232.45m
	at 30 April 13 £202.46m
Minimum Investments	£1,000 lump sum, £50 per month
	0.50% (1 Acc), 1.20% (2 Acc), 0.90% (3 Acc), 2.00% (4 Acc)
Historic Yield	0.90% (3 Acc), 2.00% (4 Acc)
Share type	Accumulation
Number of stocks	58
Initial charge	5.00%
Annual charge	1.50%
Ongoing charges	1.71% (1 Acc), 0.86% (2 Acc), 1.65% (3 Acc), 0.05% (4 Acc)
Account dates (interim)	31 October
	(annual) 30 April
Distribution date	30 June

Market review

UK shares made a solid gain 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 funds through its quantitative easing programme and kept interest rates anchored at 0.5%. However, this failed to filter down to the hard-pressed consumer as lending remained tight. A recovery of the service sector and a return to economic growth in the first quarter gave some cause for optimism as the period drew to a close. Shares rallied as investors became more confident that central banks would continue to keep monetary policy loose.

Fund strategy

Early in the period we started a number of new holdings, including Genus which is a play on protein development and the company is rapidly building a business in China. We also bought the engineering company Weir, which we believe to be a great way to gain exposure to fracking. There were two major switches in the first half of the period. The first was out of Rio Tinto and into BHP Billiton. The aim was to dilute iron ore exposure and thus gain greater diversity in the mining sector. However, towards the end of the twelve months we reduced BHP, amongst others, to lessen the Fund's exposure to cyclical stocks. The second switch was to sell Royal Bank of Scotland and buy Barclays. In the latter half of the period we added CRH which is a play on the recovering US housing market and Inchcape after an excellent management meeting. Existing positions in Dechra Pharmaceuticals and Prudential were topped up. We took profits in ARM Holdings after a run of strong performance, sold Kingfisher as we became nervous about future prospects and Carnival as we feared the brand was beginning to suffer. Two months drove the underperformance for the period; June 2012 and April 2013, with the oil & gas producers and mining sectors detracting the most. Within the resources sector it was the small and mid-cap companies which experienced a total crisis of liquidity. We reduced the Fund's weight to mining during the period but we did not believe the magnitude of falls would happen as quickly as they did. The final month of the period saw short-term investor sentiment drive down the share price of stocks where our long-term thesis remains very much intact.

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 UK 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 new issue market in recent months. This is a sign of broader investor confidence in UK equities.

Summary Fund Performance

Year	Share Class	Highest Share Price (£)	Lowest Share Price (£)	Distribution per Share (pence)
2013	1 Accumulation	27.84	25.13	16.8102
2013	2 Accumulation	30.61	27.59	41.2564
2013	3 Accumulation	32.28	29.08	40.0335
2013	4 Accumulation	33.19	29.87	68.2545

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 30 April 2012 (£)	Net Asset Value as at 30 April 2013 (£)
1	Accumulation	25.23	26.14
2	Accumulation	27.55	28.78
3	Accumulation	29.02	30.28
4	Accumulation	29.66	31.23

Distributions for the period

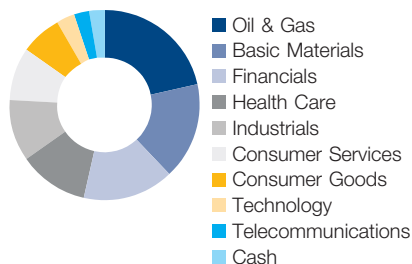
Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Accumulation	16.8102	Final	30/06/2013
2 Accumulation	41.2564	Final	30/06/2013
3 Accumulation	40.0335	Final	30/06/2013
4 Accumulation	68.2545	Final	30/06/2013

Top Ten Holdings

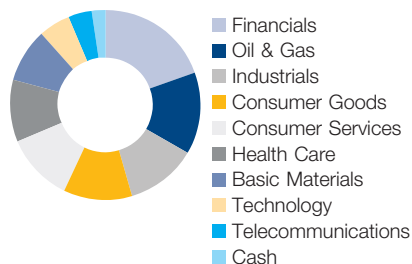
As at 30 April 2012	%	As at 30 April 2013	%
BG	6.30	Standard Chartered	4.63
GlaxoSmithKline	6.03	Prudential	4.48
Shire	5.01	Shire	4.04
Rio Tinto	4.84	Inmarsat	4.02
Tullow Oil	4.48	Diageo	3.98
Standard Chartered	3.87	Barclays	3.95
Xstrata	3.37	WPP	3.77
Prudential	3.35	Compass	3.04
Melrose	3.30	Babcock International	2.84
Diageo	3.17	BHP Billiton	2.79
Total	43.72	Total	37.54

Portfolio Breakdown

As at 30 April 2012

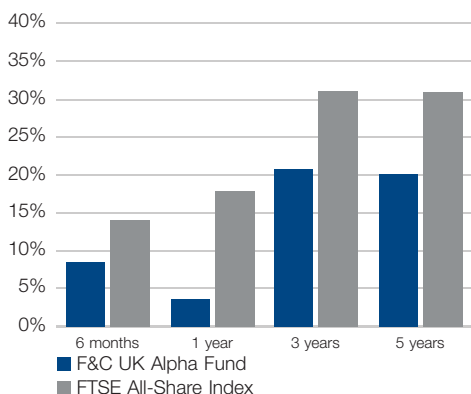


As at 30 April 2013

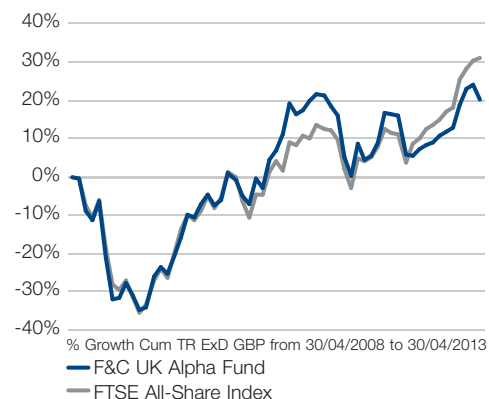


Fund Performance

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
-26.06%	34.37%	22.62%	-4.78%	3.60%

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

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.

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 Adviser

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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 Alpha 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 Alpha 08/13

