

Review Period:

Six months ended 31 October 2013

www.fandc.com

Fund Manager:

Phil Doel

UK Equity Income Fund

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 2013	£208.33m
	at 31 October 2013	£208.23m
		£1,000 lump sum,
Minimum Investments		£50 per month
		4.00% (1 Acc), 4.20% (1 Inc),
		2.40% (2 Acc), 3.50% (2 Inc),
Historic Yield		4.10% (4 Inc)
Share type	Accumulation/Distribution	
Number of stocks	57	
Initial charge	5.00%	
Annual charge	1.50%	
		1.73% (1 Acc), 1.76% (1 Inc),
		0.79% (2 Acc), 1.82% (2 Inc),
Ongoing charge	0.02% (4 Inc)	
Account dates	(interim)	31 October
	(annual)	30 April
Distribution dates	30 June, 31 December	

Market review

The economy posted two consecutive quarters of encouraging economic growth, leading to speculation that a sustainable recovery was under way. A notable feature of the period was a resurgence of manufacturing. By October activity had expanded for seven consecutive months, adding weight to theories that the economy was rebalancing away from the dominant service sector. There were also indications of consumer confidence returning. In market terms, however, worries about the possible reduction in central bank support in the US weighed on confidence in the summer months, as did raised tension in the Middle East. There were also fears that company earnings, which suffered a torrid 2012, were not improving strongly enough to justify the elevated prices of a number of stocks.

Fund strategy

Significant purchases included Barclays which had been a poor performer after it was forced into a rights issue by the change in regulatory capital requirements from the Prudential Regulatory Authority. We also bought British Land at a healthy discount to the value of its underlying assets after the share price fell alongside other income generating shares that investors perceived to be low risk, and Inchcape which is benefiting from recovering car sales in the UK and Singapore in particular. Notable sells included Centrica where we felt the valuation of the stock was high and we had concerns for the outlook of the company after the Labour party pledged to freeze domestic energy prices. We also completed the disposal of Regus. This has been a successful investment for the Fund but we feel that the phase of the business cycle we are entering could have an adverse effect on the company. Cruise operator Carnival was sold as we lost faith in the business model after a disappointing meeting with the management team.

Market outlook

The combination of government stimulus, warmer weather over the summer and improving house prices has created a more positive atmosphere for the UK consumer in the near term. The wider market is heavily influenced by global economic growth and the leading indicators of economic growth are looking more constructive.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Accumulation	130.0	114.4	5.4834
2013	1 Income	83.15	74.68	3.4865
2013	2 Accumulation	60.02	52.60	2.4424
2013	2 Income	114.1	102.4	4.1221
2013	4 Income	96.82	86.34	4.3327

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 30 April 2013 (pence)	Net Asset Value as at 31 October 2013 (pence)
1	Accumulation	122.3	129.0
1	Income	78.25	80.87
2	Accumulation	56.29	59.55
2	Income	107.4	111.2
4	Income	90.45	94.09

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Accumulation	2.6037	Interim	31/12/2013
1 Income	1.6511	Interim	31/12/2013
2 Accumulation	1.0148	Interim	31/12/2013
2 Income	1.9031	Interim	31/12/2013
4 Income	2.0006	Interim	31/12/2013

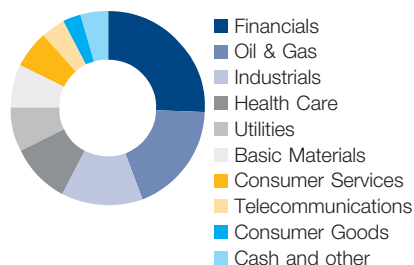
Top Ten Holdings

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

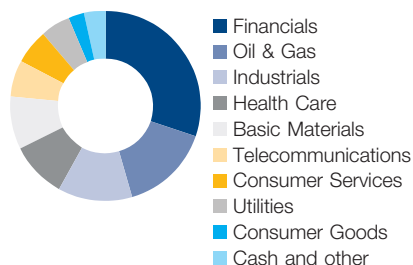
As at 31 October 2013	%
HSBC	6.00
GlaxoSmithKline	5.38
BP	4.81
BAE Systems	4.08
National Grid	3.98
Rio Tinto	3.67
BHP Billiton	3.59
Standard Chartered	3.49
Prudential	3.21
Vodafone	3.14
Total	41.35

Portfolio Breakdown

As at 30 April 2013

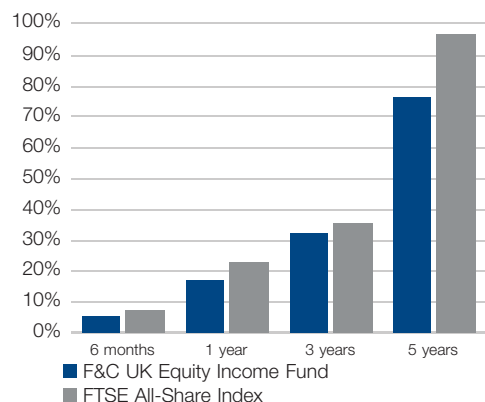


As at 31 October 2013

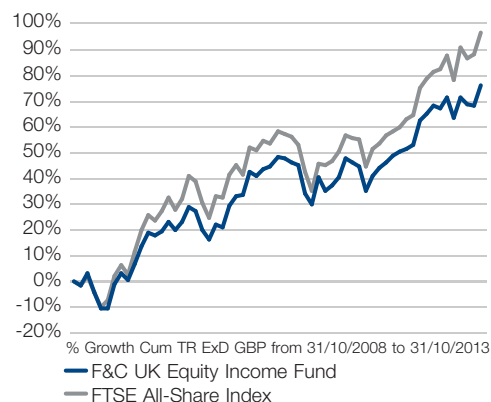


Fund Performance

As at 31 October 2013



As at 31 October 2013



Standardised Performance

31 Oct 2008 to 31 Oct 2009	31 Oct 2009 to 31 Oct 2010	31 Oct 2010 to 31 Oct 2011	31 Oct 2011 to 31 Oct 2012	31 Oct 2012 to 31 Oct 2013
18.14%	12.63%	5.64%	7.12%	17.25%

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.

Authorised Corporate Director

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

Telephone: 0800 085 2752

Regulated by the Financial Conduct Authority.

Investment Adviser

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. 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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