

Period:

For the six months ended 31 July 2013
www.fandc.com



Fund Manager
 Arnal Patel

Investment Objective

To provide a competitive level of income that is consistent with a high degree of security of capital by investing in a portfolio of high quality money market instruments. The Company will invest in a range of primarily sterling denominated money market instruments with banks and financial institutions mainly in UK, Europe and the US to provide a wide diversification of risk while maintaining adequate liquidity to meet investor demands. The Fund will invest in a wide range of financial instruments, mostly designated in sterling. The Fund will be able to invest in non sterling denominated instruments, in which the Fund may hedge the foreign currency exposure by the use of forward currency transactions or suitable currency derivative instruments. The Company 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	Arnal Patel	
Deputy Fund Manager	Ian Robinson	
Sector	UK Money Market	
Benchmark	IMA Money Market	
Launch date	9 May 2002	
Fund size	at 31 January 13	£43.63m
	at 31 July 13	£45.24m
Minimum Investments	£25,000 lump sum	
Net Yield	0.00% (1 Acc), 0.00% (2 Acc), 0.00% (3 Acc), 0.30% (4 Inc)	
Share type	Accumulation/Income	
Number of stocks	48	
Initial charge	0.00%	
Annual charge	0.30%	
Ongoing charge	1.12% (1 Acc), 19.40% (2 Acc), 0.35% (3 Acc), 0.08% (4 Inc)	
Account dates (interim)	31 July	
(annual)	31 January	

Market Review

In May, the Bank of England signalled the prospect of some improvement in the economy but kept its monetary policy on hold by maintaining the base rate at 0.5% and introducing no further tranches of 'quantitative easing' stimulus funds. The economy grew by an encouraging annualised rate of 0.6% in the second quarter, leading to speculation that a sustainable recovery was on its way. Consumer price inflation was steady for the first half of the period, fell in April due to lower transport costs and saw a hike in the last couple of months, ending on 2.9% for June.

Fund Strategy

Activity in the Fund was driven by the need to roll over maturing investments as well as to react to client flows. As the Fund holds no assets with a maturity of longer than three months, all investments held at the end of January had to be reinvested. With interest rates stable at extremely low levels, our focus remained on investing in high quality banks and corporates as well as UK treasury bills. The Fund held, for example, positions in investments issued by companies including Rabobank, HSBC Bank, Toyota, Unilever and also General Electric during the review period as well as UK treasury bills and cash.

Market Outlook

The new Bank of England Governor Mark Carney began his tenure in July and set out his policy to hold interest rates at their current level of 0.5% until the unemployment level fell below 7%. The 7% is not a set target but a level at which the Bank would reconsider the interest rate. There are also some provisos which could cause the interest rate/unemployment rate link to be broken, including inflation getting out of control in the medium term. The shift in focus from inflation targeting to unemployment levels supports a low interest rate environment. We remain focused on investing in high quality banks and corporate as well as sovereign agency securities.

Summary Fund Performance

Year	Share Class	Highest Share Price (£)	Lowest Share Price (£)	Distribution per Share (pence)
2013	1 Accumulation (Net)	58.10	57.79	-
2013	2 Accumulation (Gross)	34.68	19.80	-
2013	3 Accumulation (Gross)	1.00	1.00	-
2013	4 Income (Gross)	51.55	51.30	-

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 31 January 2013 (£)	Net Asset Value as at 31 July 2013 (£)
1	Accumulation (Net)	58.05	57.85
2	Accumulation (Gross)	32.68	19.80
3	Accumulation (Gross)	1.00	1.00
4	Income (Gross)	51.30	51.38

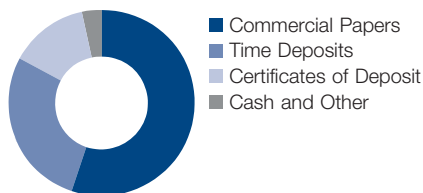
Top Ten Holdings

As at 31 January 2013	%
Santander 0.45%	5.13
Rabobank Call 0.3%	4.93
Deutsche Bank 0.3%	4.84
Bank of Montreal 0.35%	3.81
CAI Call Deposit 0.3366%	3.41
Canadian Imperial Bank 0.35%	2.52
Lloyds TSB Bank 0.25%	2.50
Macquarie Bank 15/02/2013	2.30
Nederlandse Waterschapsbank 26/02/2013	2.30
Barclays Bank 0.48% 01/02/2013	2.29
Total	34.03

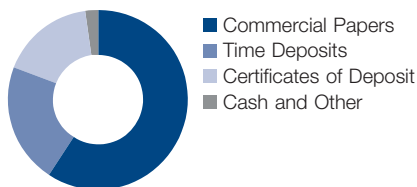
As at 31 July 2013	%
CAI Call Deposit 0.3366%	4.86
Deutsche Bank 0.3%	4.60
Bank of Montreal 0.35%	3.80
Santander 0.45%	2.48
JP Morgan 0.45% 15/08/2013	2.43
Pohjola Bank 08/08/2013	2.43
Standard Chartered 09/08/2013	2.43
Macquarie Bank 15/08/2013	2.43
DNB NOR Bank 05/09/2013	2.43
SBAB Statens Bostadsfinansier 06/09/2013	2.43
Total	30.32

Portfolio Breakdown

As at 31 January 2013

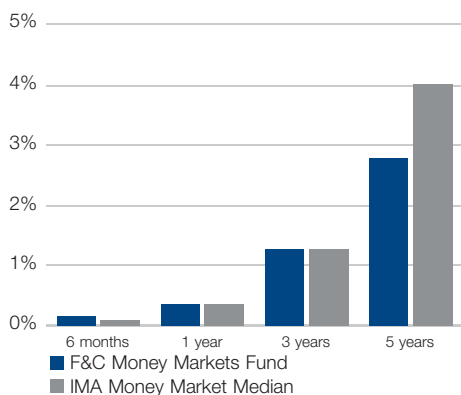


As at 31 July 2013

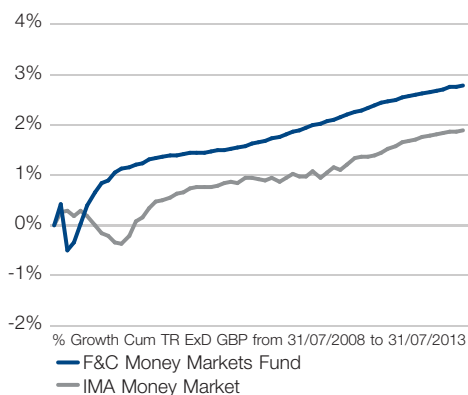


Fund Performance

As at 31 July 2013



As at 31 July 2013



Standardised Performance

31 July 2008 to 31 July 2009	31 July 2009 to 31 July 2010	31 July 2010 to 31 July 2011	31 July 2011 to 31 July 2012	31 July 2012 to 31 July 2013
1.21%	0.27%	0.40%	0.53%	0.35%

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 4 income shares. For past performance data for the full range of F&C Funds visit www.fandc.com.

Risk Profiles

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.

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 Money Markets 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 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 Money Markets Fund is a sub-fund of the F&C Money Markets Fund ICVC (IC168). 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.

Money Markets 09/13

