

Review Period:

Six months ended 31 October 2013
www.fandc.com



Fund Manager:
Chris Brills

Maximum Income Bond Fund

The Fund aims to maximise returns through investment primarily in high-yielding global fixed interest securities.

The Fund will invest predominantly in US dollar, sterling and euro denominated high-yielding fixed interest securities, including non-investment grade bonds. To manage risk, the Fund will aim to achieve a wide degree of diversification and the managers will adopt a rigorous credit management process.

Fund Facts

Lead Fund Manager	Chris Brills
Deputy Fund Manager	Rebecca Seabrook
Sector	£ High Yield
Benchmark	IMA £ High Yield Sector Median
Launch date	20 November 2000
Fund size	at 30 April 2013 £53.17m
	at 31 October 2013 £52.18m
	£1,000 lump sum,
Minimum Investments	£50 per month
	5.00% (1 Inc), 6.30% (3 Inc),
Distribution Yield	5.40% (C Inc)
Share type	Distribution
Number of stocks	172
Initial charge	5.00%
Annual charge	1.25%
	1.41% (1 Inc), 0.46% (3 Inc),
Ongoing charge	0.55% (C Inc)
Account dates (interim)	31 October
(annual)	30 April
Distribution dates	31 March, 30 Jun, 30 Sep, 31 Dec

Market review

The majority of the period was dominated by the timing of the tapering of the US quantitative easing programme. At the start of the period, the Federal Reserve spooked markets by appearing not to rule out starting to ease off asset purchasing before Labor Day. This resulted in US Treasuries having their worst total return month since December 2009, followed closely by US investment grade credit and other markets. In US high yield the impact was most notable in the relatively interest-rate sensitive areas. A more measured view of the tapering plans in July helped market returns. The high yield market was further buoyed by fund flows – in July globally nearly the same amount of funds flowed back into the asset class as were redeemed in June. In September, the surprise decision to postpone tapering propped up most asset classes including high yield bonds. Markets were further supported by Merkel's comfortable German election win, and the resolution of the US government shutdown. In Europe, the periphery was supported by Spain returning to growth and Berlusconi being sidelined in Italian politics.

Fund strategy

Over the six month period the largest purchases for the Fund were Trionista HoldCo, Peugeot and AG Spring Finance. The new issues market was a source of attractive investment opportunities at the start of the period and we participated in new issues from Sisal Holding, Gestamp Funding, Ista and William Hill. The biggest sells for the period included InterXion, Jarden and InterGen. The beginning of the period saw a relatively illiquid trading environment for some companies, leading to significant falls in the value of certain bonds and the Fund subsequently sold out of these names, including Perstorp and Stork Technical Services.

Market outlook

After the announcement by the US Federal Reserve on the timing of the tapering of quantitative easing and an economic slowdown in China, markets remain sensitive to fluctuations in sentiment. High yield bonds continue to look attractive with the appeal going forward laying mainly in the income they generate and the relatively low interest rate sensitivity. We believe austerity policies will continue to dampen economic growth and central banks, including the ECB, will be obliged to provide ongoing stimulus to markets. This suggests that interest rates will remain low for some time thus supporting the demand for high yield bonds.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Income	48.55	46.26	1.9816
2013	3 Income	48.65	46.33	2.3516
2013	C Income	53.56	50.94	3.0420

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	Income	47.79	47.72
3	Income	47.81	47.73
C	Income	52.63	52.47

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Income	0.2972	Interim	31/12/2013
3 Income	0.3932	Interim	31/12/2013
C Income	0.5168	Interim	31/12/2013
1 Income	0.5922	Interim	30/09/2013
3 Income	0.6849	Interim	30/09/2013
C Income	0.7362	Interim	30/09/2013

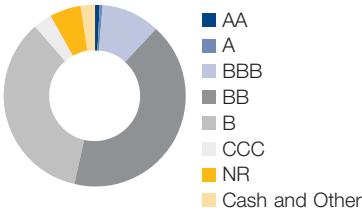
Top Ten Holdings

As at 30 April 2013	%
Fiat Finance & Trade 7.75% 2016	2.08
InterXion 9.5% 2017	1.73
Channel Link Enterprises Finance (FRN) 3.91938% 2050	1.73
LBG Capital No.1 7.5884% 2020	1.68
Investec Bank 9.625% 2022	1.65
Lottomatica 8.25% 2066	1.56
Paragon 3.729% 2017	1.48
Santos Finance 8.25% 2070	1.46
Corsair Jersey (FRN) 5.091% 2017	1.41
Rexam 6.75% 2067	1.37
Total	16.15

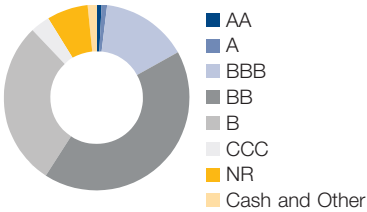
As at 31 October 2013	%
Fiat Finance & Trade 7.75% 2016	1.96
Channel Link Enterprises Finance (FRN) 3.8455% 2050	1.77
LBG Capital No.1 7.5884% 2020	1.71
Paragon 3.729% 2017	1.65
Investec Bank 9.625% 2022	1.63
Tereos Finance 4.25% 2020	1.48
Santos Finance 8.25% 2070	1.45
Corsair Jersey (FRN) 5.101% 2017	1.44
First Hydro Finance 9% 2021	1.27
GTECH 8.25% 2066	1.25
Total	15.61

Portfolio Breakdown

As at 30 April 2013

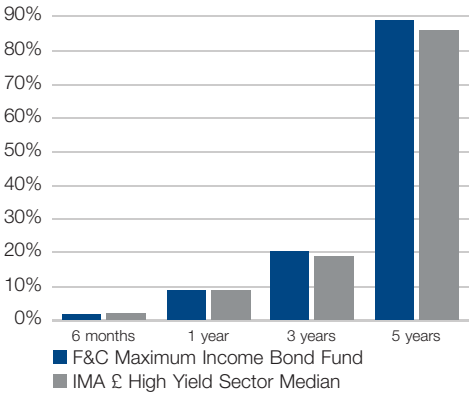


As at 31 October 2013

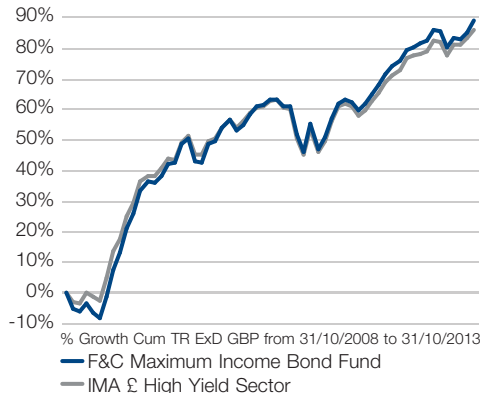


Fund Performance

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
36.34%	15.05%	-1.00%	12.10%	8.60%

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

- Fixed Interest Securities Risk:** changes in interest rates can affect the value of fixed interest holdings.
- Credit Risk:** receiving income and capital due from debt instruments is dependant upon the provider's ability to pay.
- 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 085 2752

Regulated by the Financial Conduct Authority.

Investment Adviser

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

Depositary

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Administrator and Registrar

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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 Maximum Income Bond 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.