

Review Period:

Six months ended 31 October 2013

www.fandc.com

Joint Fund Managers:

Rebecca Seabrook & Chris Brills

Extra Income Bond Fund

The Fund aims to maximise income through investment primarily in fixed interest securities while seeking to control excessive credit risk. The Fund will invest predominantly in sterling and euro denominated fixed interest securities which have varying levels of credit risk. While maintaining a high level of income, the aim will be to achieve a wide degree of diversification.

Fund Facts

Joint Fund Manager	Rebecca Seabrook & Chris Brills	
Sector	£ Strategic Bond	
Benchmark	IMA £ Strategic Bond Sector Median	
Launch date	17 January 2000	
Fund size	at 30 April 2013	£86.89m
	at 31 October 2013	£83.70m
	£1,000 lump sum,	
Minimum Investments	£50 per month	
	4.80% (1 Inc), 5.40% (2 Inc),	
Distribution Yield	5.60% (3 Inc), 5.00% (C Inc)	
Share type	Distribution	
Number of stocks	196	
Initial charge	5.00%	
Annual charge	1.00%	
	1.22% (1 Inc), 0.53% (2 Inc),	
Ongoing charge	0.00% (3 Inc), 0.61% (C Inc)	
Account dates (interim)	31 October	
	(annual) 30 April	
Distribution dates	31 Mar, 30 Jun, 30 Sep, 31 Dec	

Market review

Over the first half of the period, corporate bonds posted disappointing returns as risk assets reacted negatively to the Federal Reserve's suggestion that the quantitative easing initiative may begin to be tapered. Towards the end of June the market appeared to find some stability and risk asset valuations, including credit, improved somewhat. The market was also lent some support from relatively low default rates. The latter half of the period saw a strong three months for corporate bonds as they outperformed government bonds. The markets bounced back from the initial negative moves following the Federal Reserve's tapering announcement. Investors considered these moves to be overdone and stepped back into both government bond and credit markets pushing yields lower across the board. Added to this, economic data in the US, UK and particularly from within Europe began to show some signs of improvement and this positive momentum continued as the increase in demand for assets more than outweighed supply. While government bond yields increased again into the end of the period, credit held up relatively well versus government bonds over the period.

Fund strategy

May was a busy time for new issues in the high yield market and the Fund participated in Gestamp Funding, Wepa Hygiene, IDH Finance and William Hill. Within investment grade we bought UBS and Societe Generale. We reduced exposure to The Cooperative Bank following Moody's downgrade. Trading was limited in June and in July we reduced the Fund's sensitivity to moves in interest rates within the European exposure using German Bund futures. We felt that Bunds were likely to fall in value, following the yield rises in the UK and US. August was another quiet month for trading and as such Fund activity was limited. We bought Credit Suisse and Societe Generale dollar denominated bonds, both were new issues. September was a fairly active month with lots of new issues in high yield and in euro-denominated investment grade debt. We increased our weighting to the auto sector with GM, Peugeot and Renault. We also added to the telecommunications sector, participating in a new issue for Verizon Communications and adding to existing exposure in America Movil. The most notable sells over the six month period were a floating rate note of Man, Bank of America and Stagecoach.

Market outlook

We remain cautiously optimistic about corporate bonds from here as while economic growth appears to be on an improving trajectory credit fundamentals have been weakening at the margin. The technical support that has driven spreads tighter over recent months also looks set to continue as investors persist in putting cash into the market while supply in sterling remains stubbornly low. Hence, we expect that any short-term weakness in the market will prove no more than a healthy shakeout after an extended rally and view the weakness as an opportunity to add selectively to corporate bond exposure.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Income	47.50	45.10	1.8401
2013	2 Income	47.62	45.19	2.1109
2013	3 Income	55.96	41.28	-
2013	C Income	56.99	54.10	2.2019

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	46.82	46.59
2	Income	46.87	46.62
3	Income	56.96	42.64
C	Income	56.13	55.75

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Income	0.3100	Interim	31/12/2013
2 Income	0.3902	Interim	31/12/2013
3 Income	-	Interim	31/12/2013
C Income	0.5228	Interim	31/12/2013
1 Income	0.5212	Interim	30/09/2013
2 Income	0.5858	Interim	30/09/2013
3 Income	-	Interim	30/09/2013
C Income	0.6795	Interim	30/09/2013

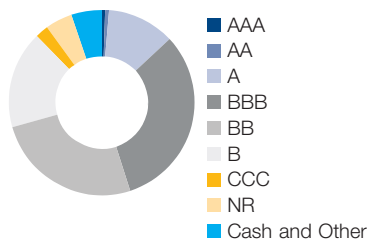
Top Ten Holdings

As at 30 April 2013	%
Corsair Jersey (FRN) 5.091% 2017	1.62
Annington Finance 8.07% 2023	1.55
Fiat Finance & Trade 7.75% 2016	1.46
Southern Gas Networks (FRN) 0.79438% 2015	1.42
Rexam 6.75% 2067	1.36
Santos Finance 8.25% 2070	1.21
LBG Capital No.1 7.5884% 2020	1.17
Legal & General 10% 2041	1.12
ESB Finance 6.5% 2020	1.03
RL Finance 6.125% Perpetual	1.02
Total	12.96

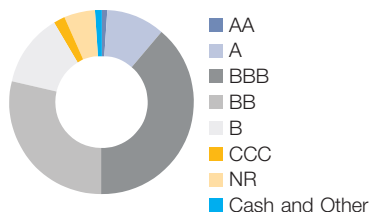
As at 31 October 2013	%
Corsair Jersey (FRN) 5.101% 2017	1.69
Verizon Communications 4.5% 2020	1.62
Southern Gas Networks (FRN) 0.80719% 2015	1.54
Fiat Finance & Trade 7.75% 2016	1.53
Annington Finance No.4 8.07% 2023	1.53
Santos Finance 8.25% 2070	1.22
LBG Capital No.1 7.5884% 2020	1.22
Legal & General 10% 2041	1.12
RL Finance 6.125% Perpetual	1.09
ESB Finance 6.5% 2020	1.03
Total	13.59

Portfolio Breakdown

As at 30 April 2013

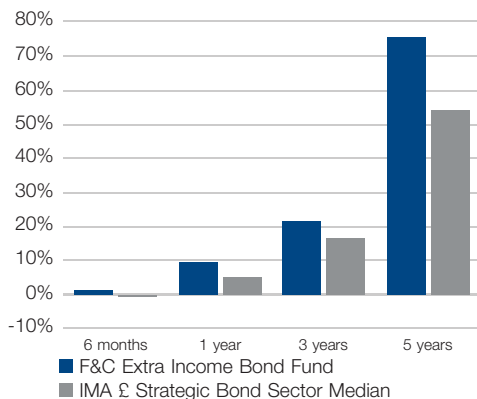


As at 31 October 2013

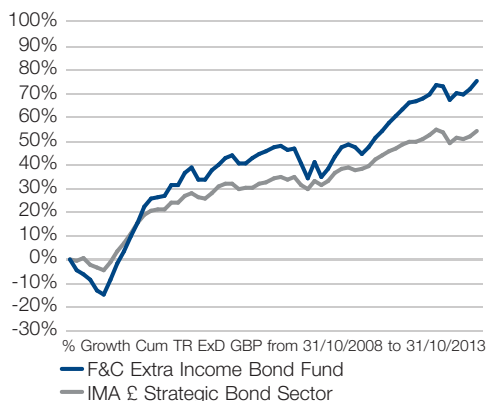


Fund Performance

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
25.93%	14.64%	-2.22%	13.76%	9.39%

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

Credit Risk: receiving income and capital due from debt instruments is dependant upon the provider's ability to pay.

Fixed Interest Securities and Interest Rates: changes in interest rates can affect the value of fixed interest holdings.

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

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Administrator and Registrar

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Independent Auditor

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Fund Accounting and Unit Pricing

State Street Bank and Trust Company, 525 Ferry Road, Edinburgh, EH5 2AW

Legal Advisers

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The F&C Extra 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.

Extra Inc Bond 12/13

