

Review Period:

Six months ended 31 October 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 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 2013 £202.46m
	at 31 October 2013 £196.58m
	£1,000 lump sum,
Minimum Investments	£50 per month
	0.60% (1 Acc), 1.30% (2 Acc),
Historic Yield	1.20% (3 Acc), 2.00% (4 Acc)
Share type	Accumulation
Number of stocks	57
Initial charge	5.00%
Annual charge	1.50%
	1.68% (1 Acc), 1.52% (2 Acc),
Ongoing charge	1.52% (3 Acc), 0.03% (4 Acc)
Account dates (interim)	31 October
	(annual) 30 April
Distribution date	30 June

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 clear 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

At the start of the six months a notable purchase was pharmaceutical giant GlaxoSmithKline. Mid-period we made a large switch in the property sector, selling Shaftesbury and reinvesting the proceeds into Derwent London. We also increased our exposure to consumer discretionary spending by buying Burberry and Mitchells & Butler. Through the six month period we continued to add to selected financial shares including Lloyds Banking Group and International Personal Finance. Notable sells included reducing the Fund's exposure to Diageo and Standard Chartered. In the oil & gas exploration sector we sold the holding in Impact Oil.

Market outlook

The combination of warmer weather over the summer and improving house prices does seem to have created a positive atmosphere for the UK consumer. The better economic outlook has also allowed house builders to continue to perform well and recruitment firms have come back into favour. In addition, the UK equity market generates much of its returns overseas and as such there is the opportunity to gain great exposure to US earnings and recovering European stocks. Such optimism has been supported more recently by a rise in the majority of PMI numbers which indicates the world has stabilised, if nothing else. As well as the increased forecasts for the domestic economic recover, the UK equity market is to all intent and purposes a global index and therefore, we believe, a sensible place to be.

Summary Fund Performance

Year	Share Class	Highest Share Price (£)	Lowest Share Price (£)	Distribution per Share (pence)
2013	1 Accumulation	28.17	24.81	16.8102
2013	2 Accumulation	31.14	27.35	41.2564
2013	3 Accumulation	32.72	28.82	40.0335
2013	4 Accumulation	33.94	29.72	68.2545

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 30 April 2013 (£)	Net Asset Value as at 31 October 2013 (£)
1	Accumulation	26.14	27.95
2	Accumulation	28.78	30.90
3	Accumulation	30.28	32.46
4	Accumulation	31.23	33.67

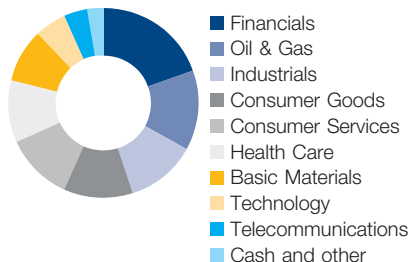
Top Ten Holdings

As at 30 April 2013	%
Standard Chartered	4.63
Prudential	4.48
Shire	4.04
Inmarsat	4.02
Diageo	3.98
Barclays	3.95
WPP	3.77
Compass	3.04
Babcock International	2.84
BHP Billiton	2.79
Total	37.54

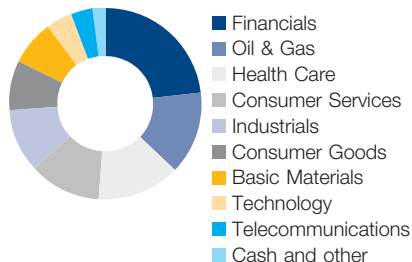
As at 31 October 2013	%
Prudential	5.10
WPP	4.28
GlaxoSmithKline	4.15
Shire	3.95
Lloyds Banking	3.87
Inmarsat	3.62
Barclays	3.44
BP	3.23
BG	3.15
Babcock International	3.08
Total	37.87

Portfolio Breakdown

As at 30 April 2013

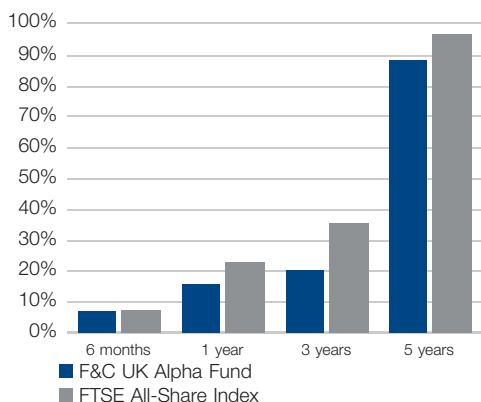


As at 31 October 2013

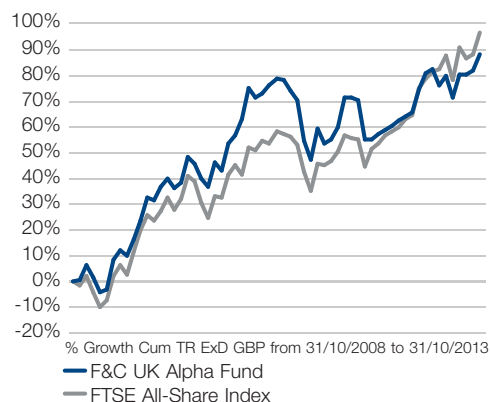


Fund Performance

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
31.40%	19.54%	1.67%	1.86%	15.99%

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 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 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. 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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