

Review Period:

Six months ended 31 October 2013
www.fandc.com



Fund Manager:
Michael Ulrich

UK Mid-Cap Fund

The Fund aims to provide long-term capital growth by investing principally in the companies of the FTSE Mid-250 Index, though other UK listed equities may be held where the Investment Adviser deems this appropriate. The Fund may use derivatives to maintain, increase or reduce the exposure to particular stocks or a relevant index. Derivatives will normally be exchange traded contracts, with the exception of any forward foreign exchange contracts. The Fund may also invest in money market instruments and deposits.

Fund Facts

Lead Fund Manager	Michael Ulrich	
Deputy Fund Manager	Peter Lees	
Sector	UK All Companies	
Benchmark	FTSE Mid-250 ex IT Index	
Launch date	31 December 2005	
Fund size	at 30 April 2013	£78.58m
	at 31 October 2013	£94.27m
		£1,000 lump sum,
Minimum Investments	£50 per month	
		1.10% (1 Acc), 1.50% (2 Acc),
Historic Yield	1.70% (C Acc)	
Share type	Accumulation	
Number of stocks	41	
Initial charge	5.00%	
Annual charge	1.50%	
	1.54% (1 Acc), 1.03% (2 Acc),	
Ongoing charge	0.81% (C Acc)	
Account dates (interim)	31 October	
(annual)	30 April	
Distribution dates	30 June	

Market review

The UK economy posted two consecutive quarters of encouraging economic growth, leading to speculation that a sustainable recovery was underway. 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. The strength of the UK equity market was mirrored in the US, Europe and most of Asia. There was a raft of new companies listing on the market, with strong demand a good signal of increasing optimism. Whilst we appear to be at the early stages of recovery, such ebullience needs to be noted as we enter the fifth year of an equity bull market.

Fund strategy

We started new positions in distribution business DCC, Micro Focus International and Laird. DCC has many of the attributes we look for in a business including strong and defendable competitive positions, attractive growth opportunities, an entrepreneurial culture and a capable management team with an impressive track record. Micro Focus International offers continued high levels of cash flow generation through a strong competitive position and on going self-help, and we invested in Laird following a second meeting with the new management team led us to believe that the share price does not reflect the potential of the business. We regularly recycle profits from holdings that have performed well into those that have not. During the period we recycled some of our profits in stocks such as Regus, BBA Aviation, St. James's Place and Ashted into Spectris, Synergy Healthcare and RPC. We sold our entire position in Morgan Advanced Materials (formerly Morgan Crucible). The shares have recovered since a profit warning early in 2013, however, our thesis that the business can see structurally higher levels of growth driven by research & development in new products looks too optimistic.

Market outlook

We claim no aptitude to predict short-term market movements, yet we remain convinced that our portfolio of well managed and well positioned businesses will generate value for the Fund over the medium term. History shows that the warning lights necessary for a prolonged and significant market downturn include highly levered companies, extreme valuations and excessive investor optimism. Whilst we currently see none of these signals flashing red, we are cognisant that valuations and levels of optimism are more elevated than they were at the start of the period. Our favoured companies are those that can withstand a bad storm as well as faring better than most in more temperate conditions. During the period we have made new investments in well funded businesses with attractive long-term outlooks. The Fund employs a strict position management discipline which sees us take some profits from stocks when they perform well and add to them when they have performed poorly. Overall, the Fund is dominated by companies with good long-term prospects helped by strong balance sheets and capable management. The valuations of these companies do not fully reflect their prospects and hence we expect the Fund to make continued progress over the medium term.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Accumulation	116.3	90.28	1.2968
2013	2 Accumulation	121.1	93.59	1.7969
2013	C Accumulation	75.62	58.37	1.2729

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	101.6	115.4
2	Accumulation	105.4	120.1
C	Accumulation	65.79	75.01

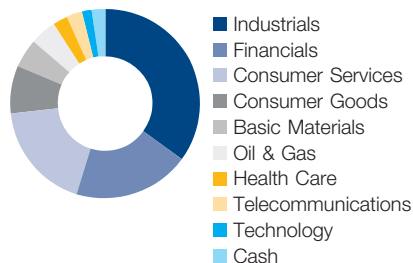
Top Ten Holdings

As at 30 April 2013	%
Howden Joinery	3.31
Bellway	3.16
Regus	3.04
Berkeley	2.92
Ashtead	2.91
Elementis	2.86
Daily Mail & General Trust 'A' Shares Non Voting	2.85
St James's Place	2.84
Restaurant	2.82
Berendsen	2.79
Total	29.50

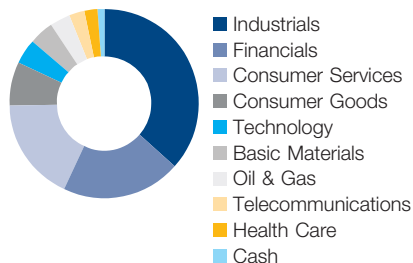
As at 31 October 2013	%
Howden Joinery	2.75
Jupiter Fund Management	2.74
RPS	2.73
St Modwen Properties	2.72
RPC	2.71
Berendsen	2.68
Berkeley	2.67
Booker	2.62
Melrose Industries	2.62
Carphone Warehouse	2.62
Total	26.86

Portfolio Breakdown

As at 30 April 2013

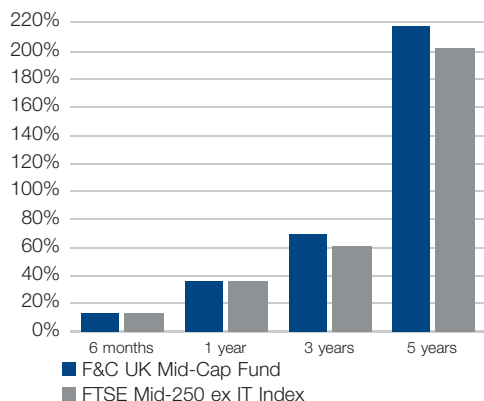


As at 31 October 2013

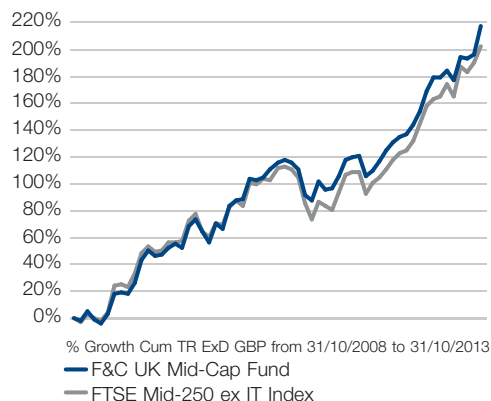


Fund Performance

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
46.00%	28.49%	7.80%	16.14%	35.55%

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.

Liquidity Risk: the ability to buy and sell assets at a favourable price may be affected by a low level of counterparties willing to enter into a transaction with the Fund.

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.

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

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 UK Mid-Cap 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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