F&C Private Equity Trust plc

Annual Report and Accounts

2014

F&C Investments

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in F&C Private Equity Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Company Summary

The Company

F&C Private Equity Trust plc ('the Company') is an investment trust and its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Objective and Investment Policy

The Company's objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

The Company's investment policy is contained on page 5.

Dividend Policy

The Company aims to pay semi-annual dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant semi-annual dividend or, if higher, equal (in terms of pence per share) to the highest semi-annual dividend previously paid.

Management

The Board has appointed F&C Investment Business Limited ('the Manager'), a wholly owned subsidiary of F&C Asset Management plc ('F&C'), as the Company's investment manager under a contract terminable by either party giving to the other not less than six months' notice. Further details of the management contract are provided in note 4 to the financial statements.

F&C is a wholly owned subsidiary of Bank of Montreal ('BMO') and is part of BMO Global Asset Management.

Group Capital Structure as at 31 December 2014

72,282,273 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

Further details of the Company's capital structure, including the rights attributable to the Ordinary Shares, are provided on page 19.

How to Invest

The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 64.

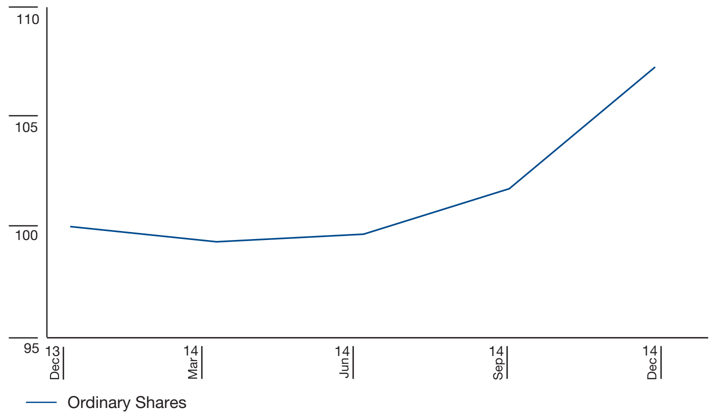
Website

The Company's website address is: www.fcpet.co.uk

Financial Highlights for the Year

- Share price total return for the year of 10.3 per cent for the Ordinary Shares.
- NAV total return for the year of 7.3 per cent for the Ordinary Shares.
- Total dividends of 10.84p per Ordinary Share.
- Dividend yield of 5.0 per cent based on the year-end share price.
- Simplified capital structure following maturity of ZDP Shares.
- Proposed increase in limit for co-investments.

F&C Private Equity Trust Net Asset Value Total Return for the Year Ended 31 December 2014



Source: F&C Investment Business

Performance Summary

	31 December 2014	31 December 2013	% change
Total Returns for the Year*			
Net asset value (fully diluted)	**+7.3%**	+9.9%	
Ordinary Share price	**+10.3%**	+17.4%	
Capital Values			
Net assets (£'000)	**203,508**	197,217	+3.2
Net asset value per Ordinary Share (fully diluted)	**277.55p**	269.07p	+3.2
Ordinary Share price	**217.88p**	207.50p	+5.0
Discount to net asset value (fully diluted)	**21.5%**	22.9%	
Income			
Revenue return after taxation (£'000)	**1,938**	695	
Revenue return per Ordinary Share (fully diluted)	**2.61p**	0.94p	
Dividends per Ordinary Share	**10.84p**	10.58p	
Dividend Yield	**5.0%**	5.1%	
Zero Dividend Preference Shares (£'000)	**–**	41,835	
Gearing†	**13.2%**	16.2%	
Ongoing Charges			
As a percentage of average net assets‡	**1.4%**	1.4%	
As a percentage of average net assets including performance fees	**2.0%**	2.0%	
Future commitments (£'000)	**64,200**	61,091	

* Total return is the combined effect of any dividends paid, together with the rise or fall in the net asset value per Ordinary Share or share price. Any dividends are assumed to have been re-invested in either the Company's assets or in additional shares.
† Borrowings less cash ÷ total assets less current liabilities (excluding borrowings and cash).
‡ Using AIC recommended methodology.

Sources: F&C Investment Business, AIC and Datastream

Chairman's Statement

Mark Tennant Chairman

Introduction

Your Company made further good progress during the year ended 31 December 2014. Its net assets at the year-end were £203.5 million giving a diluted net asset value ('NAV') per Ordinary Share of 277.55p. Taking into account dividends paid during the year, which total 10.75p per share, the NAV total return was 7.3 per cent. The Ordinary Share price total return for the year was 10.3 per cent and the share price at the year-end was 217.88p, representing a discount to the NAV of 21.5 per cent. However, the share price has increased by 3.7 per cent since the end of the year and the current discount to the NAV is 18.6 per cent.

During the year the Company made new investments, either through funds or as co-investments, totalling £29.1 million. Realisations and associated income totalled £54.9 million. At the year-end the Company had net debt of £30.9 million, equivalent to gearing of 13.2 per cent. Outstanding undrawn commitments at the year-end were £64.2 million of which £18 million were to funds where the investment period has expired.

The Company's performance fee arrangements contain a hurdle rate, calculated over rolling three year periods, of an IRR of 8.0 per cent per annum. The annual IRR of the NAV for the three year period ended 31 December 2014 was 8.2 per cent and, consequently, a performance fee of £1.1 million is payable to the Manager, F&C Investment Business Limited, in respect of 2014. This is the second consecutive year that a performance fee has been payable, demonstrating consistent performance and providing shareholders with an attractive total return which includes capital growth and an above average dividend yield.

Dividends

A semi-annual dividend of 5.39p per Ordinary Share was paid on 7 November 2014. In accordance with the Company's stated dividend policy, the Board recommends a final dividend of 5.45p per Ordinary Share, payable on 29 May 2015 to shareholders on the register on 1 May 2015. The total dividend for the year amounts to 10.84p per Ordinary Share, equivalent to a dividend yield of 5.0 per cent at the year-end.

Change in Investment limits for Co-investments

At present, the Company has a portfolio which is a mix of fund positions and co-investments. The Board believes that this mixed approach serves shareholders well by capturing the best of private equity at moderate levels of risk. Under the Company's investment policy, co-investments are limited to no more than 33 per cent of its total assets at the time of investment.

The Company's record in co-investments is good, with more than 30 investments completed since 2003 and the net IRR on these at approximately 23 per cent. With the year-end exposure at 23.2 per cent of the portfolio, the Company is close to its short term target of rebuilding the proportion in co-investments to 25 per cent and, with the strong deal flow from our investment partners, we would expect to move towards the current 33 per cent limit fairly soon.

Having considered the benefits of co-investments, the Manager's record in this area, and the diversification of the current portfolio of both funds and co-investments, the Board believes that increasing exposure in this area would be in shareholders' interests. Accordingly it is proposed to raise the upper limit for co-investments from 33 per cent to 50 per cent of total assets (at the time of investment). This would allow the Manager to maintain a predominantly funds-based portfolio but for the Company to benefit more substantially from co-investments. We are also recommending the formal adoption of a maximum percentage which could be invested in individual co-investments, at 5

Chairman's Statement (continued)

per cent of total assets at the time of investment. Usually, co-investments are well below this level. Although these changes are an extension of our current activities, they do represent a material adjustment to the investment policy and hence will be subject to approval by shareholders at the Annual General Meeting.

Financing

Following the maturity of the Zero Dividend Preference ('ZDP') Shares in December 2014, the Company has, for the first time ever, a simple capital structure, with one class of Ordinary Shares representing a permanent pool of capital. Our dividend policy, which returns the equivalent of 4 per cent of the NAV to shareholders each year, is straightforward and predictable, allowing for planning. Our gearing, through a combination of a €30 million term loan and a revolving multi-currency credit facility of up to £45 million (partially drawn down in Euros at the year-end – Sterling equivalent of £15.5 million), should allow returns to be enhanced without taking undue risks.

There has been a gradual improvement in the rating of the Company's shares with a contraction in the discount. The last year has witnessed a strong flow of realisations. These have contributed to the portfolio gains and have allowed the Company to refresh its portfolio of funds and co-investments whilst also replacing the ZDP Shares with cheaper and more flexible borrowings. During 2014, the Euro weakened by 6.7 per cent against Sterling which, along with a more pronounced weakness of the Norwegian Krone, and after taking the benefit of the US Dollar strengthening by approximately 6 per cent, left an adverse impact from foreign exchange movements of nearly 4 per cent. Since the replacement of the Sterling denominated ZDP Shares with Euro denominated borrowings, the Company is hedged approximately 45 per cent in respect of its Euro and Euro-linked exposures, so the recent further weakening of the Euro has been partially mitigated. The Company is better placed than it has ever been from a financing and structural point of view.

Alternative Investment Fund Managers' Directive ('AIFMD')

The Company has appointed F&C Investment Business Limited, a subsidiary of F&C Asset Management plc, as the Company's AIFM and it has also appointed a depositary as required under the regulations. The Company was fully compliant with all requirements of the AIFMD by the end of the transition period on 22 July 2014.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Wednesday 27 May 2015 at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY. This will be followed by a presentation by Hamish Mair, the Company's lead fund manager. This is a good opportunity for shareholders to meet the Manager and the Board and we would encourage you to attend. A form of proxy is enclosed separately and shareholders who are unable to attend the Meeting are requested to complete and return their forms so as to ensure that their votes are represented.

Outlook

2014 was another year of growth for the Company with good progress achieved notwithstanding the need to refinance and the currency headwinds noted above. Recovery in the private equity markets of Europe and further afield is well established with the problems of the banking sector having receded substantially and fund raising of new private equity funds in full swing. The provision of debt to buy-outs is being facilitated by healthier banks and non-bank lenders such as unitranche debt funds. In all parts of the private equity market the price of new deals is now approaching historic highs when enterprise value is measured as a multiple of earnings. Whilst this should give pause to investors, as acquisition price is the key determinant of the success of an investment, with prospects of future profits growth improving in most markets the most skilled and perceptive investors will continue to find value. It is the task of your Manager to identify and form mutually beneficial partnerships with such astute investors with diligence and selectivity of the managers and the co-investments being the core of successful private equity funds management.

Mark Tennant
Chairman

15 April 2015

Business Model and Strategy

The Company carries on business as an investment trust. Its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Board of Directors

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 18. The Board consists of four male Directors and one female Director. The Company has no employees.

The Board has contractually delegated the management of the investment portfolio and other services to the Manager. A summary of the terms of the management agreement is contained in note 4 to the financial statements.

Investment Strategy

The Company's investment strategy is set out in its objective and investment policy as set out below.

Objective

The Company's objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

Investment Policy

The Company makes private equity investments by taking stakes in private equity focused limited partnerships, offshore funds, investment companies and investment trusts. In addition to investing in newly-formed private equity funds, the Company may also purchase secondary private equity fund interests (that is, portfolios of investments in existing private equity funds). The Company may also make direct private equity investments, mainly through co-investment with the funds in which the Company is invested.

The private equity funds in which the Company invests comprise buy-out funds, venture capital funds and mezzanine funds. Both the funds and the direct investments are selected in order to create an underlying portfolio which is well-diversified by geography, sector, size of company, stage of development, transaction type and management style.

The Company may use gearing of up to 30 per cent of its total assets at the point of drawdown.

At the time of investment:

- No more than 15 per cent of total assets may be invested in UK-listed investment companies.
- No more than 15 per cent of total assets may be invested in non-UK listed investment companies.
- No more than 33 per cent of total assets may be invested in direct private equity co-investments. (note: if resolution 12 set out in the notice of Annual General Meeting on page 56 is passed, this limit will increase to 50 per cent, and the Board will also introduce a new restriction limiting individual direct private equity co-investments to a maximum of 5.0 per cent (with all limits based on total assets at the time of investment).
- No more than 10 per cent of total assets may be invested outside the United States of America, the United Kingdom and Continental Europe.

As far as practicable the Company will be fully invested at all times.

Dividend Policy

The Company aims to pay semi-annual dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant semi-annual dividend or, if higher, equal (in terms of pence per share) to the highest semi-annual dividend previously paid.

Investment of Assets

At each Board meeting, the Board receives a presentation from the Manager which includes a review of investment performance, recent portfolio activity and a market outlook. The Board also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 December 2014 is presented in the Manager's Review on pages 9 to 12 and in the Portfolio Summary on page 13. The full portfolio listing is provided on pages 16 and 17.

Responsible Ownership

The Manager is committed to socially responsible investment and, with the support of the Board, actively engages with investee companies in which the Company invests. Environmental policies,

Business Model and Strategy (continued)

social, human rights, community and ethical issues are, therefore, where appropriate, taken into consideration with regard to investment decisions on behalf of the Company. The Company has no employees and the Board is composed entirely of non-executive Directors. As an investment trust, the Company has no significant direct social, human rights, community or environmental responsibilities. The Board notes the Manager's statement of compliance with the UK Stewardship Code, issued by the Financial Reporting Council, which can be found on its website at www.fandc.com/ukstewardshipcode.

Principal Risks and Uncertainties and Risk Management

As stated within the Report of the Audit Committee on pages 26 and 27, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established an ongoing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

The principal risks and uncertainties faced by the Company are described below and note 18 to the financial statements provides detailed explanations of the risks associated with the Company's financial instruments.

- Investment and strategic – incorrect strategy (including the deployment of, and managing the repayment of, gearing), asset allocation, and investment selection could all lead to poor returns for shareholders.
- External – events such as terrorism, disease, protectionism, inflation or deflation, economic shocks or recessions, the availability of credit and movements in interest rates and exchange rates could affect share prices and the valuation of investments.
- Regulatory – breaches of law or regulation could lead to suspension of the Company's stock exchange listing, financial penalties or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business, or that of other third-party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager or other third-party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching loan covenants or being unable to replace maturing borrowing facilities could lead to a loss of shareholders' confidence and financial loss for shareholders.
- Funding – failure by the Company to meet its outstanding undrawn commitments could lead to financial loss for shareholders.

The Board seeks to mitigate and manage these risks through continual review, policy setting, shareholder communication and enforcement of contractual obligations. It also regularly monitors the investment and economic environment, the management of the Company's investment portfolio, the level of undrawn commitments and the Company's gearing policy.

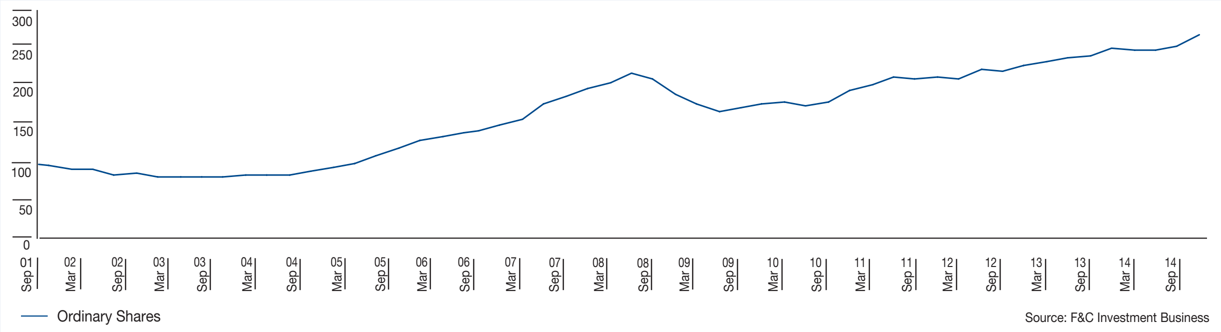
Key Performance Indicators

Throughout the year, the Board used a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

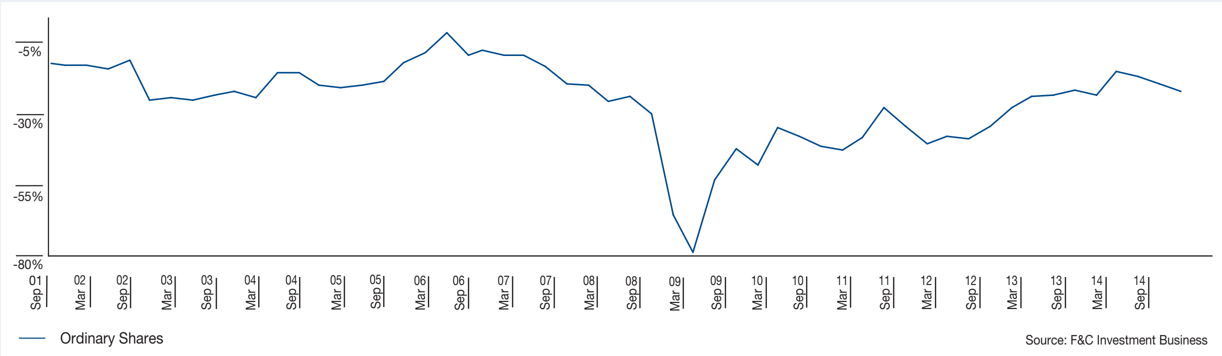
- Net asset value total return of the Ordinary Shares.
- Discount of Ordinary Share price to net asset value.
- Dividend per Ordinary Share and dividend yield as a percentage of net asset value per share.
- Ongoing charges as a percentage of shareholders' funds.

A historical record of these indicators is contained in the charts on the following page (except for the historical record of dividends per share) and in the Historic Record on page 60.

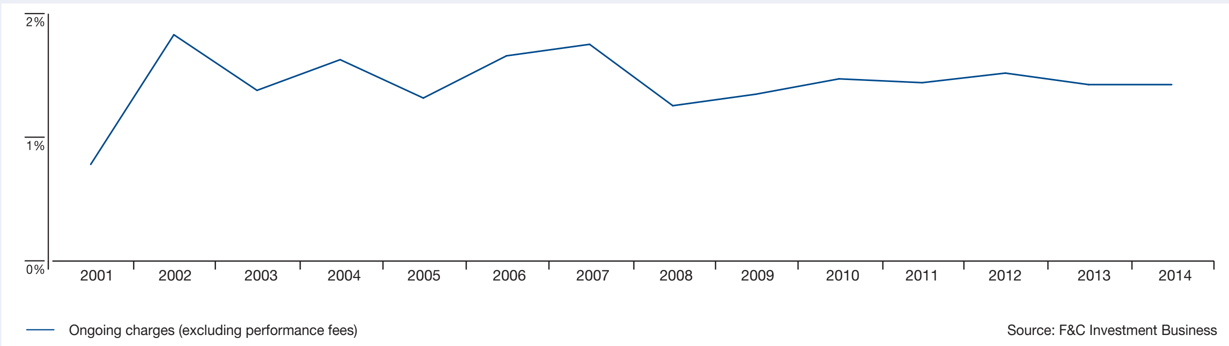
Net Asset Value Total Return
Ordinary Shares since 1 September 2001



Discount of Share Price to Net Asset Value
Ordinary Shares since September 2001



Ongoing Charges as a Percentage of Shareholders' Funds



The Chairman's Statement on pages 3 and 4, Investment Manager on page 8, the Manager's Review on pages 9 to 12, the Portfolio Summary, Top Ten Holdings and Portfolio Holdings on pages 13 to 17 all form part of this Strategic Report.

By order of the Board

F&C Asset Management plc
Company Secretary
80 George Street
Edinburgh EH2 3BU
15 April 2015

Investment Manager

Hamish Mair

Neil Sneddon

Gordon Hay Smith

Hamish Mair is the head of the private equity funds team at F&C Investment Business Limited and the fund manager of F&C Private Equity Trust plc.

Neil Sneddon is a director in the private equity funds team at F&C Investment Business Limited and the deputy fund manager of F&C Private Equity Trust plc.

Gordon Hay Smith fulfils the role of Company Secretary for F&C Asset Management plc, the corporate Company Secretary of F&C Private Equity Trust plc.

Investment Manager

F&C Private Equity Trust plc is managed by F&C Investment Business Limited, a wholly-owned subsidiary of F&C Asset Management plc ('F&C'). F&C is a leading asset manager in both the UK and Europe and provides investment management and other services to a range of investment trust clients.

F&C is a wholly owned subsidiary of Bank of Montreal ('BMO') and is part of BMO Global Asset Management.

Manager's Review

Introduction

There are over 6,000 private equity firms globally which raise and manage money on behalf of third parties. At present, over 2,000 of these are raising money, seeking between them almost $800 billion. The stock of existing private equity assets under management is estimated at just under $4,000 billion. Whilst the median returns for private equity comfortably exceed stockmarket returns over nearly all periods, there is a wide dispersion in returns between the best and worst funds. In summary, the best funds are superb but the worst are truly awful. Distinguishing between these two categories at the start of a fund is not as easy as it may seem and even sifting the good from the mediocre can be very demanding. The sheer number of fund raisings is a challenge in itself. Given that private equity is inherently risky and that the structures in which it is accessed are generally illiquid, the breadth of the market and this difficulty in differentiating has deterred and perplexed generations of otherwise confident investors. The fund of funds tier of the market was established to streamline and focus the process of selection allowing non-expert investors to participate in the strong returns of private equity whilst avoiding the worst hazards. The benefits of a fund of funds approach are more relevant now than ever. The listed private equity funds sector, to which your Company belongs, performs a vital role in attracting a remarkably wide range of investors to private equity.

Specifically, a well-diversified portfolio of funds and associated co-investments reduces risk, which is relatively high at the level of an individual investment or fund portfolio, to more moderate levels. In a fund of funds structure, where there is underlying exposure to hundreds of companies, investors gain representation in a wide spread of geographies and sectors. Importantly, there is exposure to many different private equity managers, so that when one team's style or skillset is unequal to the challenge posed by a particular investment or portfolio of investments, there will be others who are faring more successfully. Experience suggests that manager risk is one of the greatest hazards in private equity investment and that a poor fund can undo much of the benefit of previously successful funds.

There is clear persistence of performance of private equity managers from fund to fund but it can be quite difficult to benefit from this as decisions on backing new funds are often required whilst the current fund remains a 'work in progress', where its performance cannot be assessed easily. So backing established successful managers from fund to fund is not a straightforward exercise. It is also the case that newer or so called emerging managers can do very well with the strong incentive to make their mark, providing the energy and focus that may have reduced or dissipated somewhat in the case of more established managers running a long sequence of very large funds. Our experience has been that carefully selected emerging managers can provide excellent returns both through funds and co-investments and consequently we have deliberately invested most of the portfolio with emerging managers. Looking at new private equity fund raising in the recent past, there is evidence that a smaller proportion of capital is being allocated to emerging managers and most is flowing to large 'household' names who are raising ever larger funds. Whilst past performance is a useful guide to the future, an ever rising fund size can make it progressively more difficult to replicate a strong record. Fashion is currently running against private equity fund of funds but as a guide and partner in an attractive yet complex asset class they retain a logical and well justified role.

New Investments

During the year five new fund commitments were made and five co-investments were made.

Three of the new funds were UK focused. £3 million was committed to lower mid-market specialist Primary Capital IV which targets companies with enterprise values between £20 million and £100 million. £4.4 million was committed to Inflexion Buyout IV and £2.6 million was committed to Inflexion Partnership Capital I. These funds are £650 million and £400 million in size respectively. The Partnership Capital Fund will allow Inflexion more scope to take advantage of the minority investment opportunities that it finds, where previously it was limited in the proportion that could be invested in these due to mandate restrictions.

In Spain, €2 million was committed to Portobello III. This will increase the Company's exposure to one of the stronger mid-market buy-out firms in this recovering market. In the US, we made a fresh commitment of $7 million to our principal buyout firm relationship, Blue Point Capital, for their Fund III. This will keep a foothold for the Company in the US mid-market.

The proportion of the portfolio invested in co-investments was increased deliberately through the

Manager’s Review (continued)

year and at the year-end stood at 23.2 per cent. As noted in the Chairman’s Statement, this has been a good contributor to the Company’s overall returns and we are planning to increase the exposure further so that shareholders may benefit to a greater degree than previously. The portfolio of co-investments is diverse by sector, geography and manager but the common factor is that each deal is led by a private equity team in whom we have confidence. Apart from enhancing returns through taking a concentrated exposure to an individual company and the advantageous economics, co-investing also gives us a hugely valuable insight into the inner workings of several different private equity firms at any given point in time. It is our contention that, over time, this insight improves our fund selection.

As previously reported, the Company invested £3.3 million alongside Caledonia Investments plc in Park Holidays, the country’s fourth largest caravan holiday park operator. This company has had an excellent year and is well ahead of the original investment plan. Ticketscript, in which we invested £2 million alongside Fleming Family and Partners, is the market leader in the Netherlands in cloud based, self-serve event ticketing, promotion and management software. The company’s planned international expansion and build-out of its sales team is well underway. Fox International, the Essex based fishing tackle company, in which we invested £1.6 million with Next Wave Partners, is trading very well. Ambio Holdings, a pharmaceutical company involved in the manufacture of API (Active Pharmaceutical Ingredient) peptides and development of complex peptide generic pharmaceuticals, in which we invested £3.8 million alongside life science specialists MVM, is making good progress to date.

The final co-investment of the year was Ionisos, a French based leading provider of cold sterilisation services in France and Spain. We committed €4 million, of which €2.2 million (£1.8 million) has been drawn initially, for a 7 per cent stake in the company. The deal was led by emerging manager Agilitas, with whom we have previously invested. Cold sterilisation relies on using the irradiating isotope Cobalt 60 and, to a lesser extent, Beta irradiation and Ethylene Oxide. It has applications in a number of industries for health, safety, regulatory and economic reasons. This is a sector which is technically complex and where there are significant barriers to entry. The management, with Agilitas’ guidance, plans to use its expertise to gain market share in a growing market.

Drawdowns

Drawdowns from funds during the year totalled a relatively modest £16.8 million. The larger and more recent investments are noted below.

Capvis, through Funds III and IV, called £1.1 million for each of VAT Holdings AG (high end vacuum valves used in semiconductor and photo-voltaic industries) and Arena (swimwear). Inflexion, through its 2010 Fund and 2012 Co-Investment Fund, called £0.7 million for holiday company On the Beach. Stirling Square Capital Partners II called £0.7 million for helicopter company OHI as part of the financing to acquire Brazil based Senior Taxi Aereo.

There was a typically wide range of drawdowns from funds in the final quarter. Inflexion 2010 and the 2012 Co-Investment Fund together called £1.5 million for investment in PD&MS Energy, a specialist provider of engineering, procurement and construction services for the global oil and gas industry, serving drilling, production and marine services. Much of the business is focused on extending asset life and innovative infrastructure upgrades. Stirling Square Capital Partners II called £0.4 million for a follow-on investment in the super senior credit line for Italian security business Axitea. This is likely to be syndicated down to co-investors, including the Company, over the next few weeks. The expectation is that the return on this latest investment will enable at least a breakeven position on the whole investment which has so far suffered considerably from poor payment practices by its predominantly public sector clients in Italy. Primary Capital IV made its first investment in Leeds-based recruitment agency Gatenby Sanderson where the Company’s share is £0.3 million. In the US, Blue Point Capital III called £0.4 million for an investment in Handi Quilter, a supplier of quilting machines and other equipment for the quilting industry. Lastly, Procuritas Capital V, one of our more recent Nordic-oriented investments, called £0.2 million for investment in Finnish company Fidelix, a product and system supplier of building management systems for HVAC (heating ventilation and air conditioning) and security purposes.

Realisations

Total realisations for the year, including associated income, were £54.9 million, 29 per cent ahead of last year. The largest and most recent exits are noted below.

As already reported in detail, in the first nine months of 2014 the UK mid-market delivered some very notable realisations. The largest exit was August Equity Partners II's excellent sale of Independent Vetcare to Summit Partners which yielded proceeds of £3.8 million (multiple 4.0x, IRR 70 per cent). The most spectacular, in terms of multiple, was Inflexion 2006 Fund's sale of IT consultancy FDM, via a stockmarket listing, achieving a remarkable 16.2x investment multiple and an IRR of 100 per cent. Having reduced the Company's position in this fund in 2009, the participation was modest, yielding £1.2 million. Coffee shop chain, Caffe Nero, was refinanced allowing Hutton Collins III to return £1.3 million (multiple 1.6x, IRR 17 per cent).

There were also many exits in Continental Europe. In France, our key relationship, Chequers Capital, had an active phase for exits. Chequers Capital XV returned £1.3 million through a recapitalisation of transport industry IT services company Accelya (multiple 5.2x, IRR 30 per cent). Later in the year, the fund returned £1.1 million from the sale of nursing homes company Silver Care to the French market leader Orpea (multiple 2.4x, IRR 26 per cent). Gilde Buyout III returned £1.1 million on the sale of German frozen food company Hofmann Menu (multiple 2.9x, IRR 20 per cent). In the Nordics, amongst other deals, Procuritas Capital IV distributed £1.2 million following the recapitalisation of supported living services company Olivia. Hutton Collins II exited Spanish consultancy Everis through a sale to Japanese corporate NTT, returning £1.9 million (multiple 1.8x, IRR 10 per cent). These, in addition to many other smaller exits, illustrate the broadly based activity across Europe.

This exit activity was maintained and increased into the fourth quarter with no fewer than 24 separate realisation events occurring in the portfolio. Noting only the 13 where net proceeds to the Company exceeded £0.5 million gives a good impression of the exit surge taking place across the international private equity markets.

The largest realisation in the fourth quarter was £2.9 million coming from the sale of Norwegian helicopter company Blueway. The Company's investment was through a convertible loan note where the conversion had not taken place and the redemption date of the loan note had been extended three times. The company was sold to NHV, a Dutch helicopter operator backed by Ardian, and the Company's loan notes were redeemed. Due to the nature of the investment, there was only a small uplift of 1.5 per cent on exit, but the overall return during this five year investment was 1.7x cost with an IRR of 12.1 per cent which, considering the investment thesis was not completely fulfilled, was a respectable outcome.

In Sweden, Procuritas Capital IV exited canned seafood company King Oscar through its sale to the Thai Union frozen products company. The Company's share of the proceeds was £1.5 million, the multiple was 4.0x and the IRR was 43 per cent. The last remaining investment of August Equity Partners I, kitchens company Rixonway, was sold to Nobia AB of Sweden. The Company's proceeds were £1.3 million giving a multiple of cost of 2.4x and a net IRR of 12 per cent. Primary Capital III sold Amtech Group (software for building services) to US company Trimble. This netted £1.0 million achieving a multiple of 2.5x and an IRR of 22.6 per cent.

In Italy, Argan Capital sold Faster, the manufacturer of quick release hydraulic couplings, to Capvis. The Company's proceeds were £1.6 million, representing 3.1x cost and an 18.2 per cent IRR. In Germany, DBAG IV and V exited wood machinery company Homag via a sale to larger listed company Durr. Homag had already achieved a listing but the Company's proceeds for this final exit were £0.9 million representing a multiple of 2.8x cost and an IRR of 96 per cent. TDR Capital II sold down some of its holding in debt collection company Lowell to Ontario Teachers. The Company's share of the proceeds were £0.7 million, which returns the investment in the company. TDR Capital II retains a 48 per cent stake and there should be more upside from the current valuation of 2.2x cost. Mezzanine Management IV exited the high acuity residential care business, The Regard Partnership, through a sale to the Montreux Healthcare Fund yielding proceeds of £1.1 million, a multiple of 2.5x cost and an IRR of 13.2 per cent for this mezzanine investment. RJD Partners II exited Character World, the licensed textiles company, through a secondary buyout. The Company's share of the proceeds was £0.6 million (multiple 2.9x cost, 18 per cent IRR).

As already noted above, even in the relatively depressed environment of France there have been exits. Chequers Capital and Chequers Capital XV sold their holding in Salins, the third largest producer of raw salt in Europe to its new CEO. Combined proceeds were £0.6 million. For the original investor, Chequers Capital, the multiple was 1.8x and the IRR a modest 7 per cent but for the other fund, Chequers Capital XV, which invested later and more

Manager's Review (continued)

cheaply, the return was a much more respectable multiple of 4.4x and an IRR of 36 per cent. Hutton Collins II and III returned an aggregate £0.6 million from the sale of Italian synthetic fibre manufacturer Aquafil. This represented a multiple of 2.7x cost and an IRR of 24 per cent, excellent for a mezzanine investment.

In the US, Blue Point Capital II exited snack foods company JTM for a multiple of 6.4x cost and an IRR of 71 per cent. The Company's proceeds were £1.1 million. Blue Point Capital I exited architecture firm Callison yielding £0.5 million (multiple 4.7x cost, IRR of 25 per cent).

Valuation Changes

In an improving year, with profits rising and many realisations taking place, or being actively contemplated, uplifts in value outnumber downgrades significantly. The Company's co-investment portfolio, where individual developments tend to have more impact, has been influential this year. The longstanding holding in the Newcastle-based unmanned submarine manufacturer, SMD Hydrovision, has benefited from the signing of a sale agreement with Chinese company Zhuzhou CSR Times Electric and the proceeds are expected imminently. Reflecting progress towards this exit, the holding was uplifted by £3.7 million over the year. Another longstanding holding, Whittan, the pallet racking systems company where the deal is led by Stirling Square Capital Partners, has been uplifted by £1.7 million with the final valuation reflecting the proceeds received in early March on the company's sale which recovered the cost of the investment. The more recent co-investments have also contributed strongly, principally through excellent progression in profits, in many cases ahead of the original investment plan. Fishing tackle company Fox International has been uplifted by £2.8 million, Avalon (funeral plans) by £1.3 million, David Phillips (furniture distribution) by £1.3 million and Park Holidays by £1.3 million. Strong fundamental performances and the exit activity noted above have helped several of the fund valuations. Notably, August Equity Partners II (+£2.5 million), Blue Point Capital II (+£2.0 million), N+1 Private Equity II (+£1.4 million), Inflexion 2012 Co-Investment Fund (+£1.4 million) and Life Science Partners III (+£1.2 million).

There have also been some downgrades, although these have been far less material. The co-investment in security products company 3SI was down by £1.4 million. The co-investment in Swiss based chemicals company Schaetti was down by £0.4 million. In both cases this reflects slightly weaker trading conditions. In the fund investments, Environmental Technologies Fund was been reduced by £0.9 million reflecting some setbacks with portfolio companies. Mezzanine Management IV was down by £0.6 million due to difficult trading for one of the remaining holdings.

As noted in the Chairman's Statement, 2014 saw some very significant swings in currencies. The impact of this on the value of the portfolio was negative to the extent of almost 4 per cent. The principal detracting factor was the notable weakness of the Euro by 6.7 per cent against Sterling and the even weaker Norwegian Krone. These have only been partially mitigated by Dollar strength. With the Company's borrowings denominated in Euros, the influence of this unpredictable factor will be considerably reduced going forward.

Outlook

The prevailing popular assessment is that current conditions comprise a sellers' market for private equity backed companies. Whilst exits have been and continue to be healthy, it is a mistake to believe that it is not possible to deploy capital into new deals at attractive prices. There are clearly some areas and geographies where securing an attractively growing company at a 'low' price is very difficult, but there are other niches defined by geography, size or sector where skilled and diligent private equity investors can continue to deal well. We have traditionally focused on the European mid-market for a reason. Namely that it is a very broadly diversified market comprising many attractive niche companies which often fall below the 'radar screen' of larger private equity houses and even trade buyers. If anything, current conditions tend to reinforce our enthusiasm for this market tier. We have established relationships with many talented investment partners and we continue to seek out new ones in what is an inherently dynamic and competitive form of investment management. Despite the obvious threats to economic stability posed in certain quarters by political or geo-political events, the background is of improving and increasingly healthy economies which is a good portent for producing the constructive growth which, through our partners, we are striving to capture.

Hamish Mair
Investment Manager
F&C Investment Business Limited

15 April 2015

Portfolio Summary

Group Portfolio Distribution
As at 31 December 2014

	% of Total 2014	% of Total 2013
Buyout Funds – Pan European*	**11.7**	13.3
Buyout Funds – UK	**18.1**	18.2
Buyout Funds – Continental Europe†	**18.3**	20.9
Private Equity Funds – USA	**7.8**	6.8
Private Equity Funds – Global	**3.8**	4.1
Venture Capital Funds	**10.1**	10.4
Mezzanine Funds	**4.6**	8.2
Direct – Quoted	**0.2**	0.5
Secondary Funds	**2.2**	2.5
Direct – Investments/Co-investments	**23.2**	15.1
	100.0	100.0

* Europe including the UK.
† Europe excluding the UK.

Ten Largest Holdings
As at 31 December 2014

	Total Valuation £'000	% of Total Portfolio
SEP III	**12,878**	**5.5**
Stirling Square Capital Partners II	**8,317**	**3.5**
SMD Hydrovision	**7,560**	**3.2**
August Equity Partners II	**7,472**	**3.2**
TDR Capital II	**7,184**	**3.1**
Argan Capital	**5,981**	**2.6**
Inflexion 2010	**5,730**	**2.4**
N+1 Private Equity II	**5,600**	**2.4**
The Aurora Fund	**5,242**	**2.2**
Capvis III	**5,072**	**2.2**
	71,036	**30.3**

Top Ten Holdings

SEP III

Investment type: Venture capital fund
Region: Europe
Percentage held: 4.8%
Valuation basis: Percentage of fund value

SEP III had a fund close of £158 million. The Company made a commitment of £7 million, subsequently increased to £7.6 million. SEP III makes venture capital investments of between £0.5 million and £10 million in early stage and emerging growth companies mostly in the UK within the sectors of information technology, healthcare and energy-related technology.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	2,510	3,354
Value	12,878	13,619

Stirling Square Capital Partners II

Investment type: Buyout fund
Region: Europe
Percentage held: 3.2%
Valuation basis: Percentage of fund value

Stirling Square Capital Partners (SSCP) is a Pan-European buyout firm focussing on investments with enterprise values in the range of €100 million to €300 million that was founded in 2002. The Company co-invested alongside SSCP in four of their previous deals (GDT, Whittan, 3si and Axitea). The Company committed €12 million to this fund. SSCP closed at €375 million in March 2010.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	6,691	5,408
Value	8,317	7,542

SMD Hydrovision

Investment type: Direct investment
Region: United Kingdom
Percentage held: 9.6%
Valuation basis: Percentage of co-investment value

SMD Hydrovision is a manufacturer of equipment for the world's subsea sector. SMD is the world's no.1 supplier of large specialised systems for laying subsea cables and pipelines in trenches. It is also the world's no.2 supplier of Work Class Remotely Operated Vehicles "WROVs" – unmanned submarines that carry out the tasks of a diver in inaccessible depths and conditions. The Company invested £4 million in this Inflexion led management buy-out in March 2008.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	4,000	4,000
Value	7,560	4,000

August Equity Partners II

Investment type: Buyout fund
Region: United Kingdom
Percentage held: 6.5%
Valuation basis: Percentage of fund value

August Equity Partners II is a lower mid-market UK buyout fund which closed in July 2008 with total commitments of £155 million. The Company made a £10 million commitment to the fund at its first close in July 2007. August Equity, the managers, specialise in four sectors: healthcare, media, specialist manufacturing and technology.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	1,895	5,756
Value	7,472	8,800

TDR Capital II

Investment type: Buyout fund
Region: Europe
Percentage held: 0.5%
Valuation basis: Percentage of fund value

TDR Capital II is the second fund raised by Manjit Dale and Stephen Robertson with the backing of Tudor since the team spun out from Deutsche Bank Capital Partners in 2002. In a very successful fundraising, the fund held a single close at €1.75 billion in June 2006 to which the Company committed €10 million. The fund invests in Pan-European buyouts with an emphasis on operational improvement and financial structuring.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	5,077	6,829
Value	7,184	8,804

Argan Capital

Investment type: Buyout fund
Region: Europe
Percentage held: 2.4%
Valuation basis: Percentage of fund value

Argan Capital is an independent private equity partnership that, in October 2006, completed a spin-out from Bank of America. The team focuses on European mid-market buyouts in companies with enterprise values in excess of €100 million. In September 2007, the Company committed €10 million to their first independent fund that subsequently closed at €425 million. This was a partial secondary/partial primary investment, with the fund approximately 50 per cent invested from the outset.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	5,149	6,002
Value	5,981	7,122

Inflexion 2010

Investment type: Buyout fund
Region: United Kingdom
Percentage held: 1.9%
Valuation basis: Percentage of fund value

Inflexion 2010 is a £375 million fund managed by Inflexion Private Equity who we have backed since 2003 when they raised their first fund. The fund targets investments in the UK mid and lower mid-market with a view to backing companies with growth at a reasonable price.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	4,534	3,013
Value	5,730	3,089

N+1 Private Equity II

Investment type: Buyout fund
Region: Continental Europe
Percentage held: 3.0%
Valuation basis: Percentage of fund value

N+1 Private Equity II is one of the most established local, non-captive private equity firms in Spain. The fund invests in mid-market services companies operating in the Iberian Peninsula. The hard cap of the fund was originally €250 million, but in order to accommodate demand, this was increased to €300 million. This gave N+1 Private Equity II a pool of €600 million to invest, as it always co-invested with its listed investment vehicle Dinamia, managed by the same team. The Company committed €9 million to this fund.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	4,722	5,898
Value	5,600	5,731

The Aurora Fund

Investment type: Secondary fund
Region: Europe
Percentage held: 10.2%
Valuation basis: Percentage of fund value

The Aurora Fund is a secondaries fund managed by F&C. It had an initial portfolio comprising of 24 underlying fund positions that was acquired from Landsbanki. The fund held a first close on 20 July 2009 at €30 million and a final close on 20 July 2010 at €45 million. The Company committed €4.6 million to the fund in 2010.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	1,584	2,502
Value	5,242	6,013

Capvis III

Investment type: Buyout fund
Region: Continental Europe
Percentage held: 1.5%
Valuation basis: Percentage of fund value

In February 2008, the Company committed €9 million to Capvis III during its final close on its hard cap of €600 million. Headquartered in Zurich, Switzerland the fund focuses on mid-market buyouts (enterprise values between €50 million and €300 million) in German speaking Europe, namely Switzerland, Germany and Austria. Capvis originated in 1990 within the Swiss Banking Corporation, before spinning out in 1999 shortly after the UBS takeover. This is the third fund raised by the team as a fully independent entity.

	31 December 2014 £'000	31 December 2013 £'000
Residual cost	3,262	1,782
Value	5,072	3,889

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Stirling Square Capital Partners II	Europe	8,317	3.5
TDR Capital II	Europe	7,184	3.1
Argan Capital	Europe	5,981	2.6
Candover 2005	Europe	4,722	2.0
Candover 2008	Europe	1,203	0.5
Total Buyout Funds – Pan European		**27,407**	**11.7**
Buyout Funds – UK			
August Equity Partners II	UK	7,472	3.2
Inflexion 2010	UK	5,730	2.4
RJD Partners II	UK	4,973	2.1
Primary Capital III	UK	4,867	2.1
Inflexion 2012 Co-Investment Fund	UK	4,666	2.0
Dunedin Buyout II	UK	3,426	1.5
Piper Private Equity IV	UK	2,839	1.2
GCP Capital Partners Europe II	UK	1,800	0.8
Inflexion 2006	UK	1,404	0.6
Piper Private Equity V	UK	1,155	0.5
Equity Harvest Fund	UK	1,024	0.5
August Equity Partners III	UK	941	0.4
Penta F&C Co-Investment Fund	UK	520	0.2
Lyceum Capital III	UK	425	0.2
Primary Capital II	UK	375	0.2
Primary Capital IV	UK	291	0.1
RL Private Equity I	UK	250	0.1
Third Private Equity Fund	UK	98	–
Enterprise Plus	UK	90	–
Hickory Fund Portfolio	UK	27	–
Inflexion 2003	UK	4	–
Total Buyout Funds – UK		**42,377**	**18.1**
Buyout Funds – Continental Europe			
N+1 Private Equity II	Spain	5,600	2.4
Capvis III	DACH	5,072	2.2
PineBridge New Europe II	Central & East Europe	4,109	1.8
DBAG V	Germany	4,075	1.7
Herkules Private Equity III	Nordic	3,553	1.5
Procuritas Capital IV	Nordic	3,057	1.3
Portobello Capital II	Spain	2,940	1.3
Gilde Buyout III	Benelux	2,825	1.2
Ciclad 4	France	2,009	0.8
Chequers Capital XV	France	1,957	0.8
DBAG VI	Germany	1,411	0.6
Ciclad 5	France	1,223	0.5
Chequers Capital XVI	France	1,198	0.5
Procuritas Capital V	Nordic	740	0.3
Avallon MBO II	Central & East Europe	705	0.3
Capvis IV	DACH	639	0.3
Vaaka Partners Buyout II	Nordic	506	0.2
Chequers Capital	France	458	0.2
Alto Capital II	Italy	421	0.2
DBAG IV	Germany	301	0.2
Nmás1 Private Equity Fund	Spain	116	–
Portobello Fund III	Spain	28	–
Total Buyout Funds – Continental Europe		**42,943**	**18.3**
Private Equity Funds – USA			
Camden Partners IV	USA	4,760	2.0
Blue Point Capital II	USA	4,598	2.0
HealthpointCapital Partners III	USA	3,156	1.3
Camden Partners III	USA	2,403	1.0
RCP II	USA	1,304	0.6
Blue Point Capital III	USA	1,109	0.5
Hicks Muse Tate & Furst IV	USA	606	0.3
Blue Point Capital I	USA	176	0.1
Total Private Equity Funds – USA		**18,112**	**7.8**

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – Global			
AIF Capital Asia III	Asia	3,916	1.7
Warburg Pincus IX	Global	2,029	0.8
Warburg Pincus VIII	Global	1,250	0.5
PineBridge Global Emerging Markets II	Global	1,177	0.5
F&C Climate Opportunity Partners	Global	373	0.2
PineBridge Latin America Partners II	Brazil	159	0.1
Total Private Equity Funds – Global		**8,904**	**3.8**
Venture Capital Funds			
SEP III	Europe	12,878	5.5
Life Science Partners III	UK	2,966	1.3
Environmental Technologies Fund	Europe	2,586	1.1
Pentech II	UK	1,806	0.8
SEP II	Europe	1,611	0.7
SEP IV	Europe	936	0.4
Alta Berkeley VI	Europe	782	0.3
Total Venture Capital Funds		**23,565**	**10.1**
Mezzanine Funds			
Hutton Collins III	Europe	4,115	1.7
Accession Mezzanine II	Central & East Europe	2,298	1.0
Mezzanine Management IV	Europe	1,547	0.7
Hutton Collins II	Europe	1,245	0.5
Accession Mezzanine I	Central & East Europe	680	0.3
Growth Capital II	UK	453	0.2
1818 Mezzanine II	USA	248	0.1
Hutton Collins I	Europe	172	0.1
International Mezzanine	Europe	99	–
Total Mezzanine Funds		**10,857**	**4.6**
Direct – Quoted			
Candover Investments	Europe	536	0.2
Other quoted holdings	Global	24	–
Total Direct – Quoted		**560**	**0.2**
Secondary Funds			
The Aurora Fund	Europe	5,242	2.2
Total Secondary Funds		**5,242**	**2.2**
Direct – Investments/Co-investments			
SMD Hydrovision	UK	7,560	3.2
Park Holidays	UK	4,518	1.9
Fox International	UK	4,449	1.9
Harrington Brooks	UK	4,165	1.8
Ambio Holdings	USA	3,867	1.6
Avalon	UK	3,832	1.6
Meter Provida	UK	3,673	1.6
David Phillips	UK	3,612	1.5
3SI	Global	3,200	1.4
Whittan	Europe	2,725	1.2
HusCompagniet	Nordic	2,666	1.1
Safran	Nordic	2,092	0.9
Ticketscript	Europe	2,000	0.9
Recover Nordic	Nordic	1,768	0.8
Ionisos	Europe	1,724	0.7
Schaetti	Europe	1,210	0.5
Algeco Scotsman	Europe	680	0.3
European Boating Holidays	Europe	355	0.2
Blues Clothing	UK	351	0.1
Total Direct – Investments/Co-investments		**54,447**	**23.2**
Total Portfolio		**234,414**	**100.0**

Board of Directors

Mark Tennant *†‡

Chairman

is a senior adviser to JP Morgan and a member of the Advisory Board of T Rowe Price Global Investor Services. He is Chairman of the management consultancy firm iBe and a trustee of Grameen Scotland Foundation. He joined the Board in February 2009 and was appointed as Chairman in May 2010.

John Rafferty †‡

was a senior partner of Burness, the Scottish law firm, until his retiral in July 2009. He is a Fellow of the Securities and Investment Institute, and Honorary Consul for Canada in Scotland. He has wide experience of private equity investments and of investment realisations and is a director of a number of private companies. He joined the Board in March 2000.

Elizabeth Kennedy *†‡

Chairman of the Audit Committee

is a partner of Kergan Stewart LLP with over 30 years' experience in corporate finance, principally in IPOs, secondary issues and takeovers. She is also a director of Octopus AIM VCT 2 plc, Beatson Cancer Charity and two private technology companies and is also a member of the AIM Advisory Group of the London Stock Exchange. She joined the Board in July 2007.

David Shaw *†‡

sits on the boards of a number of private companies including acting as Chairman of the charity Dyslexia Scotland. He was previously Chief Executive, then Chairman, of Bridgepoint Capital, a leading European mid corporate private equity firm until his retiral in December 2009. He joined the Board in November 2009.

Douglas Kinloch †‡ Anderson, OBE

is Executive Chairman of Kinloch Anderson Limited. He was National President of the Royal Warrant Holders Association, President of The Edinburgh Chamber of Commerce and Master of the Edinburgh Merchant Company. He is also a director of Fidelity Special Values plc. His career has included wide experience in manufacturing, retailing and exporting, particularly to Europe, North America and the Far East. He joined the Board in December 2000.

* Member of the Audit Committee

† Member of the Management Engagement Committee

‡ Member of the Nomination Committee

Report of the Directors

Results and Dividends

The Directors submit the Annual Report and financial statements of the Group and the Company for the year ended 31 December 2014. The results for the year are set out in the attached financial statements.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union as is required for group financial statements.

An interim dividend of 5.39p per Ordinary Share was paid on 7 November 2014. The Board recommends a final dividend of 5.45p per Ordinary Share, to be paid on 29 May 2015 to shareholders on the register on 1 May 2015.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (the 'Act') and is an investment company as defined by Section 833 of the Act.

The Company has been approved as an investment trust for accounting periods commencing on or after 1 January 2012 subject to it continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

Company Number: SC179412

Share Capital

Ordinary Shares

Dividends

The Ordinary Shares carry the right to participate in the revenue profits of the Company. The dividends paid to the holders of Ordinary Shares currently depend on, *inter alia*, the income return on the Company's assets, capital structure and gearing and, accordingly, may vary over time.

In respect of the Ordinary Shares, the Company aims to pay semi-annual dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant semi-annual dividend or, if higher, equal (in terms of pence per share) to the highest semi-annual dividend previously paid.

Capital Entitlement

On a winding up of the Company, after satisfying all liabilities, Ordinary Shareholders would be entitled to all the remaining assets.

Voting Rights

Ordinary Shareholders are entitled to receive notice of, and attend and vote at, all general meetings of the Company.

Subsidiary Undertaking

The Company owns 100 per cent of the issued ordinary shares of F&C Private Equity Zeros plc ('FCPEZ') (in liquidation). On 12 December 2014, a special resolution was passed by the shareholders of FCPEZ that FCPEZ be wound up voluntarily pursuant to Section 84(1)(b) of the Insolvency Act 1986 and that Derek Neil Hyslop and Colin Peter Dempster of Ernst & Young LLP of 10 George Street, Edinburgh EH2 2DZ, having consented to act, be appointed as joint liquidators with the power to act jointly and severally for the purpose of such winding up, including realising and distributing FCPEZ's assets, and any power conferred on them by law or by said resolution and any act required or authorised under any enactment to be done by them may be exercised by them jointly or by each of them alone.

Zero Dividend Preference Shares

The Zero Dividend Preference Shares ('ZDP Shares') of FCPEZ were repaid in their entirety on 15 December 2014. The Group therefore no longer has any ZDP Shares in issue.

Directors

Biographical details of the Directors, all of whom are non-executive, can be found on page 18. There were no changes to the composition of the Board during the year.

Mark Tennant retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Mr Douglas Kinloch Anderson and Mr John Rafferty have served on the Board for more than nine years and, as recommended by the UK Corporate Governance Code and the AIC Code, seek re-election annually. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The term of any non-executive Director beyond six years is subject to rigorous review by the Board.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The Board confirms that, following formal performance evaluations, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that those Directors seeking re-election are re-elected.

No Director has any material interest in any contract to which the Company is a party.

Directors' Indemnities

As at the date of this report, indemnities are in place between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred, provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Act.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Substantial Interests in Share Capital

At 31 December 2014 the Company had received notification of the following holdings of voting rights (under the FCA's Disclosure and Transparency Rules):

	Ordinary Shares Held	% of Ordinary Shares
CCLA Investment Management	**7,468,330**	**10.3**
Prudential	**4,008,403**	**5.5**
Oxford County Council Pension Fund	**4,000,000**	**5.5**
Cayenne Asset Management	**3,625,000**	**5.0**
Lazard Asset Management	**3,602,685**	**4.9**
Bank of Montreal*	**2,779,650**	**3.8**

*In addition to this holding, the F&C Asset Management investment trust savings plans held 12,371,658 Ordinary Shares (17.1 per cent) as at 31 December 2014.

Since 31 December 2014, the Company has received notification from CCLA Investment Management of a holding of 7,168,330 Ordinary Shares (9.9 per cent). There have been no other changes notified to the Company.

Conflicts of Interest

Under the Act a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts where appropriate and where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

Management and Management Fees

F&C Investment Business Limited provides investment management services to the Company and was appointed as the Company's AIFM on 22 July 2014. A summary of the contract between the Company and the Manager in respect of investment management services provided is given in note 4 to the financial statements.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the investment management contract and the fees payable to the Manager, together with the commitment of the Manager to the Company and its investment trust business and the standard of other services provided, which include administration, marketing and corporate development.

Following this review it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Depositary

JPMorgan Europe Limited was appointed as depositary on 22 July 2014 in accordance with the AIFM Directive. The depositary's responsibilities include, but are not limited to, cash monitoring, segregation and safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

Company Secretary

F&C Asset Management plc provides secretarial services to the Company.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its covenants. They have also considered forecast cash flows, especially those relating to capital commitments and realisations.

As at 31 December 2014, the Company had outstanding undrawn commitments of £64.2 million. Of this amount, approximately £18 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire.

Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Financial Instruments

The Group's financial instruments comprise its investment portfolio, cash balances, bank debt and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. Financial instruments recognised at fair value are shown in the fair value hierarchy in note 12 to the financial statements. The financial risk management objectives and policies arising from the Group's financial instruments and the exposure to risk are disclosed in note 18 to the financial statements. Details of the Company's bank facility are contained in notes 15 and 16 to the financial statements.

Disclosure of Information to the Auditor

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Report of the Directors (continued)

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts. It is the intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Annual General Meeting

The Notice of Annual General Meeting to be held on 27 May 2015 is set out on pages 55 to 58.

Auditor

Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution proposing its re-appointment will be submitted at the Annual General Meeting.

Directors' Authority to Allot Shares

The Directors are seeking to renew the authority to allot shares. Resolution 9 in the Notice of Annual General Meeting seeks renewal of such authority to allot Ordinary Shares up to an aggregate nominal amount of £72,282 (being an amount equal to 10 per cent of the total issued share capital of the Company as at the date of this report).

Under resolution 10, which is a special resolution, the Directors are also seeking to renew the authority to allot new Ordinary Shares and/or sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply. (This section requires that, when equity securities are allotted for cash, such new shares are first offered to existing equity shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The purpose of holding shares in treasury is to allow the Company to re-issue those shares quickly and cost-effectively.

Allotments of Ordinary Shares pursuant to these authorities would enable the Directors to issue shares for cash to take advantage of changes in market conditions that may arise, in order to increase the amount of the Company's issued share capital. The purpose of such an increase would be to improve the liquidity of the market in the Company's shares and to spread the fixed costs of administering the Company over a wider base. The Directors believe that this would increase the investment attractions of the Company to the benefit of existing shareholders. The Directors have no present intention of using these authorities, if granted. No issue of shares would be made which would dilute the net asset value per Ordinary Share of existing shareholders.

Resolution 10, if passed, will give the Directors power to allot for cash Ordinary Shares of the Company and to sell Ordinary Shares out of treasury up to a maximum nominal amount of £36,141 (being an amount representing 5 per cent of the total issued ordinary share capital of the Company as at the date of this report) without the application of the pre-emption rights described above. The calculation of the above figure is in accordance with the limits laid down by the Investment Protection Committee guidelines, and the Directors will not use the authority other than in accordance with the above guidelines.

The authorities contained in resolutions 9 and 10 will continue until the Annual General Meeting of the Company in 2016, and the Directors envisage seeking renewal of these authorities in 2016 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Shares expires at the end of the Annual General Meeting and resolution 11, as set out in the Notice of the Annual General Meeting, seeks renewal of such authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued Ordinary Shares as at the date of the passing of the resolution (approximately 10.8 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 1p per Ordinary Share nor more than the higher of (i) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation

Regulation (EC 2273/2003). This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share of the Ordinary Shares and be in the interests of shareholders as a whole. Any shares purchased under this authority will be cancelled or held in treasury for future re-issue at a premium to the prevailing net asset value per share.

Changes to Investment Policy

The Board is proposing to make certain changes to the Company's investment policy that will enhance the Company's ability to take advantage of attractive direct private equity co-investment opportunities. Specifically, the Board is proposing that the limit on direct private equity co-investments be increased from 33 per cent to 50 per cent of total assets (measured at the time of investment).

To ensure that, notwithstanding the increase in the proportion of its portfolio that may be invested in direct private equity co-investments, the Company's portfolio continues to be managed in a way which is consistent with its objective of spreading risk, the Board is also proposing to introduce a new restriction that will limit individual direct private equity co-investment to a maximum of 5.0 per cent of total assets at the time of investment.

As the proposed changes to the Company's investment policy are material, the Listing Rules require them to be approved by shareholders before they can become effective. If passed, resolution 12 in the notice of Annual General Meeting, which is an ordinary resolution, will approve the proposed changes to the Company's investment policy.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the Annual General Meeting is in the interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions.

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

By order of the Board

F&C Asset Management plc
Company Secretary
80 George Street
Edinburgh EH2 3BU
15 April 2015

Corporate Governance Statement

Arrangements in respect of corporate governance appropriate to an investment trust have been made by the Board. Except as disclosed in the following paragraph, the Company complied throughout the year with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012, which can be found at www.frc.org.uk, and the recommendations of the AIC's Code of Corporate Governance issued in February 2013 (the 'AIC Code'), which can be found at www.theaic.co.uk. Since all Directors are non-executive, in accordance with the AIC Code and the preamble to the UK Corporate Governance Code, the provisions of the UK Corporate Governance Code on the role of the chief executive and on Directors' remuneration are not relevant to the Company (except in so far as they apply to non-executive Directors) and are therefore not reported on further.

In view of its non-executive nature and the requirement of the Articles of Association that all Directors are subject to retirement by rotation, the Board does not consider it appropriate for the Directors to be appointed for a specified term as recommended by provision B.2.3 of the UK Corporate Governance Code. The Articles of Association require the Directors to retire by rotation at least every three years, and the Board has agreed that Directors will retire annually after serving on the Board for more than nine years. In addition, due to its size and non-executive nature, the Board does not consider it appropriate for a Senior Independent Director to be appointed as recommended by provision A.4.1 of the UK Corporate Governance Code and principle 1 of the AIC Code.

The Board consists solely of non-executive Directors. Mark Tennant is the Chairman. All Directors are considered by the Board to be independent of the Manager. New Directors receive an induction from the Manager on joining the Board and all Directors are made aware of appropriate training courses.

During the year the performance of the Board, committees and individual Directors was evaluated through a discussion process led by the Chairman. The performance of the Chairman was evaluated by the other Directors.

Amongst other things, the performance evaluation considered the balance of skills and diversity of the Board, as well as the Board's overall effectiveness. The Board believes it has an appropriate balance of skills and experience, length of service and knowledge of the Company.

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 December 2014 and the number of meetings attended by each Director. In addition to these scheduled meetings, there were a further five Board and Board committee meetings held during the year.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

The basis on which the Company aims to generate value over the longer term is set out within the Business Model and Strategy on pages 5 to 7. The Company has no executive Directors or employees. A management agreement between the Company and its Manager (F&C Investment Business Limited) sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters, including corporate strategy, investment and dividend policies, gearing, corporate governance procedures and risk management are reserved for the approval of the Board of Directors.

	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mark Tennant	5	5	2	2	1	1	1	1
Elizabeth Kennedy	5	5	2	2	1	1	1	1
Douglas Kinloch Anderson	5	5	–	–	1	1	1	1
John Rafferty	5	5	–	–	1	1	1	1
David Shaw	5	5	2	2	1	1	1	1

The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Throughout the year, a number of committees have been in operation. Those committees are the Audit Committee, the Management Engagement Committee, and the Nomination Committee. The committees operate within clearly defined terms of reference which are available for inspection on request at the Company's registered office.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

Audit Committee

The Report of the Audit Committee is contained on pages 26 and 27.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Mark Tennant. The committee reviews the appropriateness of the Manager's continuing appointment together with the terms and conditions thereof on a regular basis.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Mark Tennant. It considers the level of Directors' fees at least annually and is also convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. Any appointments to the Board are based on merit, but in considering appointments, the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, diversity, including gender, independence and knowledge of the Company within the Board. The Directors have not set any measurable objectives in relation to the diversity of the Board.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communications with them. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Board is also regularly briefed on shareholder attitudes by the Company's broker. The Chairman and other Directors are available to meet shareholders if required to discuss any significant issues that have arisen and address shareholder concerns and queries. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The Annual Report and Notice of Annual General Meeting are sent to shareholders at least 20 working days before the meeting.

By order of the Board

F&C Asset Management plc
Company Secretary
80 George Street
Edinburgh EH2 3BU
15 April 2015

Report of the Audit Committee

The members of the Audit Committee are Elizabeth Kennedy, David Shaw and Mark Tennant. The committee is chaired by Elizabeth Kennedy. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the Auditor, Ernst & Young LLP ('EY'), including its independence and objectivity. It is also the forum through which EY reports to the Board of Directors. The Committee meets at least twice yearly including at least one meeting with EY.

The Audit Committee met on two occasions during the year and the attendance of each of the members is set out on page 24. In the course of its duties, the committee had direct access to EY and senior members of the Manager's fund management and investment trust teams. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- The annual results announcements, and annual and half-yearly reports and accounts;
- The accounting policies of the Group;
- The principal risks faced by the Company and the effectiveness of the Company's internal control environment;
- The effectiveness of the audit process and related non-audit services and the independence and objectivity of EY, their re-appointment, remuneration and terms of engagement;
- The policy on the engagement of EY to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The receipt of an internal controls report from the Manager; and
- Whether the Annual Report and Accounts is fair, balanced and understandable.

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved EY's plan for the audit of the financial statements for the year ended 31 December 2014. At the conclusion of the audit EY did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. EY issued an unqualified audit report which is included on pages 31 to 33.

In relation to the provision of non-audit services by the Auditor it has been agreed that all non-audit work to be carried out by the Auditor must be approved in advance by the Audit Committee and any special projects must also be approved in advance. In addition to statutory audit fees of £33,000 (2013: £30,000), EY received fees for non-audit services of £40,000 for the year (2013: £13,000) which related to the services in respect of the liquidation of F&C Private Equity Zeros plc and the provision of tax compliance and advisory services. The Audit Committee does not consider that the provision of such non-audit services is a threat to the objectivity and independence of the conduct of the audit.

As part of the review of auditor independence and effectiveness, EY has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating EY, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The appointment was last put out to tender in 2010. The Company is not required to change its auditor until after the audit in respect of the year ended 31 December 2022. It is the current intention of the

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements

Matter	Action
Valuation of Unlisted Investments	
The Company's portfolio is invested predominantly in unlisted securities. Errors in the valuation could have a material impact on the Company's net asset value per share.	The Company's accounting policy for valuing its unlisted investments is stated in note 1(f) to the financial statements. The Audit Committee reviewed and challenged the valuation prepared by the Manager, taking account of the latest available information about the Company's investments, the Manager's knowledge of underlying funds and current market information where appropriate. The Audit Committee satisfied itself that the investments were valued consistently with prior periods and in accordance with published industry guidelines.

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements (continued)

Matter	Action
Title to Unlisted Investments If the Company did not have legal title to its unlisted investments this could have a material impact on its net asset value per share.	The Board receives quarterly reports from the depositary and on an annual basis the Audit Committee reviews the Manager's AAF Report on its internal controls.
Calculation of Performance Fee As disclosed in note 4 to the financial statements, the Manager is entitled to both a basic and performance related management fee. The entitlement to a performance fee is based on a number of criteria. Errors in its calculation could result in an overpayment or underpayment of fees to the Manager.	The Audit Committee reviews the Manager's entitlement to a performance fee and also reviews the calculation of any performance fee provisions twice a year.

Audit Committee not to change the auditor until then. The Audit Committee, from direct observation and enquiry of the Manager, remains satisfied that EY continues to provide effective independent challenge in carrying out its responsibilities. Following professional guidelines, the audit partner rotates after five years. The current audit partner is in the fifth year of her appointment. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of EY to the Board. EY's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. These functions include the financial reporting process. A residual risk rating is then applied. The test matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken.

A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers. Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group and a broad equity market index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines. Since its appointment in July 2014, the depositary has provided quarterly reports to the Board and carries out daily independent checks on cost and investment transactions and has strict liability for the loss of the Company's financial assets in respect of which it has safe keeping duties.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, including its internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary but this decision will be kept under review.

Elizabeth Kennedy
Chairman of the Audit Committee

15 April 2015

Directors' Remuneration Report

The Board consists solely of independent non-executive Directors. The Company has no executive Directors or employees. The Nomination Committee fulfils the function of a Remuneration Committee in addition to its nomination function, and is responsible for determining the level of Directors' fees.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 December 2014, are shown below. No major decisions or substantial changes relating to Directors' remuneration were made during the year.

Under company law, the Auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in its report on pages 31 to 33.

Nomination Committee

As stated above, the Nomination Committee fulfils the function of a Remuneration Committee in addition to its nomination function. The Nomination Committee consists of all five non-executive Directors and it is chaired by Mark Tennant. The Board has appointed the Company Secretary, F&C Asset Management plc, to provide information in advance of the Nomination Committee considering the level of Directors' fees.

Directors' Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, Directors' time commitment, their responsibilities and skills and be fair and comparable to that of other investment trusts that are similar in size and have similar investment objectives. There were no changes to the policy during the year.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £250,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has a letter of appointment setting out the terms and conditions of his or her appointment and such letters are available for inspection at the Company's registered office. The terms of appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his or her appointment. Directors are thereafter obliged to retire by rotation and, if they wish, to offer themselves for re-election, at least every three years after that. Any Director who has served on the Board for more than nine years will offer himself or herself for re-election annually. There is no notice period and no provision for compensation upon termination of appointment.

The Company has not received any views from its shareholders in respect of the levels of Directors' remuneration.

Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 29 May 2014, shareholders approved the Directors' Remuneration Policy. 99.7 per cent of votes were in favour of the resolution and 0.3 per cent of votes were against. It is the Board's intention that the Directors' Remuneration Policy will be put to a shareholder vote again at the Annual General Meeting in 2017.

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year (audited)

The Directors who served during the financial year received the following emoluments in the form of fees. No other forms of remuneration were paid during the year.

	2014 £	2013 £
Mark Tennant (Chairman)	**38,750**	35,000
Elizabeth Kennedy	**32,750**	32,000
Douglas Kinloch Anderson	**27,250**	25,000
John Rafferty	**27,250**	25,000
David Shaw	**27,250**	25,000
Total	**153,250**	142,000

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration, other expenses and shareholder distributions (Ordinary Pool only):

	2014 £	2013 £	Change %
Aggregate Directors' Remuneration	**153,250**	142,000	+7.9%
Management and other expenses*	**3,894,000**	3,915,000	-0.5%
Dividends paid to Shareholders	**7,770,000**	7,438,000	+4.5%

*Includes Directors' remuneration.

Directors' Shareholdings (audited)

The Directors who held office at the year end and their interests in the Ordinary Shares of the Company were as follows:

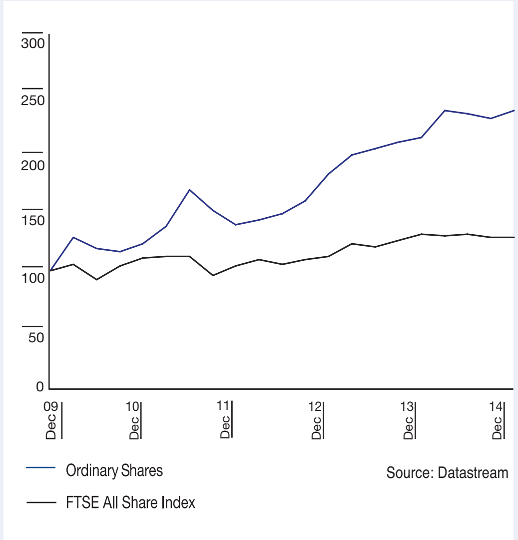
		31 December 2014 Ordinary Shares	31 December 2013 Ordinary Shares
Mark Tennant (Chairman)	Beneficial	5,165	–
Elizabeth Kennedy	Beneficial	30,000	30,000
Douglas Kinloch Anderson	Beneficial	4,955	4,955
John Rafferty	Beneficial	32,000	32,000
David Shaw	Beneficial	10,000	–

Since the year end Mark Tennant has acquired a beneficial interest of 6,500 Ordinary Shares. There have been no other changes in the Directors' interests in the shares of the Company between 31 December 2014 and 15 April 2015.

Company Performance

The graph below compares, for the six financial years ended 31 December 2014, the total return (assuming all dividends are reinvested) to shareholders compared to the total return on the FTSE All-Share Index. However, the Board recognises that the FTSE All-Share Index is not directly correlated with private equity investment.

Share Price Total Return Performance Graph



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 29 May 2014, shareholders approved the Annual Report on Directors' Remuneration for the year ended 31 December 2013. 99.8 per cent of votes were in favour of the resolution and 0.2 per cent were against.

An ordinary resolution for the approval of this Annual Report on Directors' Remuneration will be put to shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Mark Tennant
Director
15 April 2015

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS') as adopted by the European Union. The Directors are also required to prepare a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In preparing the Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance;
- state that the Group and Company have complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and the Company and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statements under the Disclosure and Transparency Rules

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company together with a description of the principal risks and uncertainties that they face.

On behalf of the Board
Mark Tennant
Director
15 April 2015

Independent Auditor's Report

Independent Auditor's Report to the Members of F&C Private Equity Trust plc

Our Audit Opinion on the Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our Audit Opinion on Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 27 in the Report of the Audit Committee with respect to internal control and risk management systems in relation to financial reporting processes is consistent with the financial statements.

What We Have Audited

We have audited the financial statements of F&C Private Equity Trust plc for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 30 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies applied are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report (continued)

Respective Responsibilities of Directors and Auditor

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 31 December 2014 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk Identified	Our Response
The valuation of the unquoted investments held in the investment portfolio is incorrect.	• We considered the appropriateness of the valuation techniques applied to the unquoted investment portfolio. • We reviewed the most recently audited financial statements or fund manager reports. • We discussed any unexpected valuations or movements with the Manager.
The legal title of the investments is not held by the Company.	• We obtained independent confirmations of the investments held and agreed them to the books and records of the Company.
The performance fees payable by the Company for investment management services are not calculated in accordance with the methodology prescribed in the investment management agreement.	• We independently recalculated the performance fee for the year with reference to contractual agreements. • We agreed the calculation inputs to underlying source data.

Respective Responsibilities of Directors and Auditor

We have defined the concept of materiality and planning materiality below.

We determined materiality for the Group and Company to be £2.04 million, which is one per cent of total equity as at 31 December 2014 (2013: £1.97 million based on one per cent of total equity). We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Group and Company.

We determined performance materiality for the Group and Company to be 75 per cent of materiality, or £1.53 million (2013: £1.48 million).

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £102,000 (2013: £98,000), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

We evaluate any uncorrected misstatements and potential audit differences against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Matters on Which we are Required to Report by Exception

We are required by the ISAs (UK and Ireland), the Companies Act 2006 and the Listing Rules to report to you by exception if certain matters are identified during the course of our audit. These matters are listed below and we have nothing to report in respect of any of these matters.

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 21, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Susan Dawe (Senior statutory auditor)

For and on behalf of Ernst & Young LLP

Statutory Auditor

Edinburgh

15 April 2015

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Income							
Gains on investments held at fair value	10	–	18,587	18,587	–	24,606	24,606
Exchange gains		–	572	572	–	48	48
Investment income	2	3,972	–	3,972	2,331	–	2,331
Other income	2	27	–	27	53	–	53
Total income		3,999	19,159	23,158	2,384	24,654	27,038
Expenditure							
Investment management fee – basic fee	4	(516)	(1,548)	(2,064)	(515)	(1,544)	(2,059)
Investment management fee – performance fee	4	–	(1,085)	(1,085)	–	(1,175)	(1,175)
Other expenses	5	(745)	–	(745)	(681)	–	(681)
Total expenditure		(1,261)	(2,633)	(3,894)	(1,196)	(2,719)	(3,915)
Profit before finance costs and taxation		2,738	16,526	19,264	1,188	21,935	23,123
Finance costs	6	(349)	(4,854)	(5,203)	(278)	(4,497)	(4,775)
Profit before taxation		2,389	11,672	14,061	910	17,438	18,348
Taxation	7	(451)	451	–	(215)	215	–
Profit for year/total comprehensive income		1,938	12,123	14,061	695	17,653	18,348
Return per Ordinary Share – Basic	9	2.68p	16.77p	19.45p	0.97p	24.41p	25.38p
Return per Ordinary Share – Fully diluted	9	2.61p	16.33p	18.94p	0.94p	23.77p	24.71p
Return per Restricted Voting Share – Basic	9	n/a	n/a	n/a	(0.01)p	0.01p	– p

The total column of this financial statement represents the Statement of Comprehensive Income of the Group, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above financial statement derive from continuing operations.

No operations were acquired or discontinued during the year.

All income is attributable to the equity holders of F&C Private Equity Trust plc. There are no minority interests.

The accompanying notes are an integral part of the above financial statement.

Balance Sheets

as at 31 December 2014

	Notes	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Non-current assets					
Investments at fair value through profit or loss	10	**234,414**	**234,414**	237,657	237,611
Subsidiary undertaking	10, 11	**–**	**–**	–	56
		234,414	**234,414**	237,657	237,667
Current assets					
Other receivables	13	**2,577**	**2,577**	321	320
Cash and short-term deposits	14	**6,946**	**6,946**	7,018	7,009
		9,523	**9,523**	7,339	7,329
Current liabilities					
Other payables	15	**(18,117)**	**(18,117)**	(5,944)	(5,944)
Amounts due to subsidiary	15	**–**	**–**	–	(41,835)
Zero dividend preference shares	15	**–**	**–**	(41,835)	–
Net current liabilities		**(8,594)**	**(8,594)**	(40,440)	(40,450)
Total assets less current liabilities		**225,820**	**225,820**	197,217	197,217
Non-current liabilities					
Interest-bearing bank loan	16	**(22,312)**	**(22,312)**	–	–
Net assets		**203,508**	**203,508**	197,217	197,217
Equity					
Called-up ordinary share capital	17	**723**	**723**	723	723
Special distributable capital reserve		**15,679**	**15,679**	15,679	15,679
Special distributable revenue reserve		**31,403**	**31,403**	31,403	31,403
Capital redemption reserve		**1,335**	**1,335**	1,335	1,335
Capital reserve		**149,769**	**149,769**	145,416	145,425
Revenue reserve		**4,599**	**4,599**	2,661	2,652
Shareholders' funds		**203,508**	**203,508**	197,217	197,217
Net asset value per Ordinary Share					
– Basic	9	**281.55p**		272.84p	
Net asset value per Ordinary Share					
– Fully diluted	9	**277.55p**		269.07p	

The financial statements were approved and authorised for issue by the Board of Directors on 15 April 2015, and signed on its behalf by:

Mark Tennant
Director

The accompanying notes are an integral part of the above financial statements.

Statements of Changes in Equity

Group

	Notes	Share Capital £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the year ended 31 December 2014								
Net assets at 1 January 2014		723	15,679	31,403	1,335	145,416	2,661	197,217
Profit for the year/total comprehensive income		–	–	–	–	12,123	1,938	14,061
Dividends paid	8	–	–	–	–	(7,770)	–	(7,770)
Net assets at 31 December 2014		**723**	**15,679**	**31,403**	**1,335**	**149,769**	**4,599**	**203,508**
For the year ended 31 December 2013								
Net assets at 1 January 2013		1,394	15,679	32,527	664	135,201	1,966	187,431
Cancellation of Restricted Voting Shares		(671)	–	–	671	–	–	–
Profit for the year/total comprehensive income		–	–	–	–	17,653	695	18,348
Dividends paid	8	–	–	(1,124)	–	(7,438)	–	(8,562)
Net assets at 31 December 2013		723	15,679	31,403	1,335	145,416	2,661	197,217

Company

	Notes	Share Capital £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the year ended 31 December 2014								
Net assets at 1 January 2014		723	15,679	31,403	1,335	145,425	2,652	197,217
Profit for the year/total comprehensive income		–	–	–	–	12,114	1,947	14,061
Dividends paid	8	–	–	–	–	(7,770)	–	(7,770)
Net assets at 31 December 2014		**723**	**15,679**	**31,403**	**1,335**	**149,769**	**4,599**	**203,508**
For the year ended 31 December 2013								
Net assets at 1 January 2013		1,394	15,679	32,527	664	135,208	1,959	187,431
Cancellation of Restricted Voting Shares		(671)	–	–	671	–	–	–
Profit for the year/total comprehensive income		–	–	–	–	17,655	693	18,348
Dividends paid	8	–	–	(1,124)	–	(7,438)	–	(8,562)
Net assets at 31 December 2013		723	15,679	31,403	1,335	145,425	2,652	197,217

The accompanying notes are an integral part of the above financial statements.

Cash Flow Statements

for the year ended 31 December 2014

	Notes	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Operating activities					
Profit before taxation		**14,061**	**14,061**	18,348	18,348
Gains on disposals of investments		**(10,529)**	**(10,539)**	(11,147)	(11,147)
Increase in holding gains		**(8,058)**	**(8,049)**	(13,459)	(13,461)
Exchange differences		**(572)**	**(572)**	(48)	(48)
Finance costs		**5,203**	**5,203**	4,775	4,775
Corporation tax reclaimed		**–**	**–**	15	15
Decrease/(increase) in other receivables		**1**	**–**	(8)	(8)
(Decrease)/increase in other payables		**(34)**	**(34)**	1,148	1,148
Net cash inflow/(outflow) from operating activities		**72**	**70**	(376)	(378)
Investing activities					
Purchases of investments		**(29,114)**	**(29,114)**	(39,587)	(39,587)
Sales of investments		**48,393**	**48,404**	40,198	40,198
Net cash inflow from investing activities		**19,279**	**19,290**	611	611
Financing activities					
Repayment of bank loans		**(7,286)**	**(7,286)**	–	–
Draw down of bank loans, net of costs		**42,461**	**42,461**	3,398	3,398
Repayment of zero dividend preference shares	15	**(45,642)**	**–**	–	–
Amounts paid to subsidiary	15	**–**	**(45,642)**	–	–
Interest paid		**(980)**	**(980)**	(962)	(962)
Equity dividends paid	8	**(7,770)**	**(7,770)**	(8,562)	(8,562)
Net cash outflow from financing activities		**(19,217)**	**(19,217)**	(6,126)	(6,126)
Net increase/(decrease) in cash and cash equivalents		**134**	**143**	(5,891)	(5,893)
Currency losses		**(206)**	**(206)**	(22)	(22)
Net decrease in cash and cash equivalents		**(72)**	**(63)**	(5,913)	(5,915)
Opening cash and cash equivalents		**7,018**	**7,009**	12,931	12,924
Closing cash and cash equivalents		**6,946**	**6,946**	7,018	7,009

The accompanying notes are an integral part of the above financial statements.

Notes to the Financial Statements

1 Accounting policies

A summary of the principal accounting policies adopted is set out below.

(a) **Basis of accounting**

The financial statements of the Company and the Group have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('SORP') issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The valuation of unquoted securities requires estimates and assumptions. The nature of the estimations means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Further information on the portfolio valuation, market risk and sensitivity to market changes is provided in notes 10 and 18.

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail is contained in the Report of the Directors on page 21.

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have been adopted in the current year:

- In May 2011, the IASB issued IFRS 10 *'Consolidated Financial Statements'*. IFRS 10 established a single control model that applies to all entities including special purpose entities. The changes introduced by the Investment Entities amendment require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent. The Directors, having assessed the criteria, believe the Company meets the criteria to be an investment entity under IFRS 10 and that the accounting treatment reflects the Company's activities as an investment trust. Therefore any investments in subsidiaries may be carried at fair value through profit and loss in accordance IAS 39. During the year, the principal activity of the subsidiary F&C Private Equity Zeros plc, which was in liquidation at the year end, was considered to provide investment related services to the Company and is required to be consolidated under the Investment Entities amendment.
- In May 2011, the IASB issued IFRS 12 *'Disclosure of Involvement with Other Entities'.* IFRS 12 includes all the disclosures which were previously required by IAS 27 relating to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to interests in subsidiaries, joint arrangements, associates and structured entities. The Group concluded that this has no significant impact on the Group accounts method of consolidation or disclosures presented.
- In October 2012, the IASB issued amendments to IFRS 10 *'Consolidated Financial Statements'*, IFRS 12 *'Disclosure of Interests in Other Entities'* and IAS 27 *'Separate Financial Statements'* – Investment Entities. The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 *'Financial Instruments'* in its consolidated and separate financial statements. The amendments also introduced new disclosure requirements for investment entities in IFRS 12 and IAS 27. The Group concluded that this has no significant impact on the Group accounts method of consolidation or disclosures presented.

The following new standard has been issued but is not effective for this accounting period and has not been adopted early:

1 Accounting policies (continued)

- In July 2014, the IASB issued the final version of IFRS 9 *'Financial Instruments'* which reflects all phases of the financial instruments project and replaces IAS 39 *'Financial Instruments: Recognition and Measurement'* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of the Group's financial assets or financial liabilities.

The Company does not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

(b) **Group financial statements**

The Group financial statements consolidate the financial statements of the Company and its wholly-owned subsidiary, F&C Private Equity Zeros plc. Subsidiaries are consolidated from the date of acquisition, being the date from which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group. The subsidiary entered into voluntary members liquidation on 12 December 2014, at which point control was transferred from the Company. Consolidated accounts have been prepared for the current year on the basis that there was a Group for the majority of the year.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income for 2014. The profit of the Company for the year ended 31 December 2014 was £14,061,000.

(c) **Income**

Investment income is determined on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Scrip dividends are treated as unfranked investment income; any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Income from fixed interest securities is recognised on a time-apportioned basis so as to reflect the effective yield. Other income which includes deposit interest is recognised on an accruals basis.

(d) **Expenses**

Expenses are accounted for on an accruals basis except for the interest detailed in accounting policy note Zero Dividend Preference Shares.

The management fee and bank loan interest are allocated 75 per cent to capital and 25 per cent to revenue in accordance with the Board's expected long-term split of returns in the form of capital gains and income, respectively.

All other expenses are charged to revenue with the exception of any performance fee (described in more detail in note 4) which is charged fully to capital together with the finance costs in respect of the ZDP Shares (see note 6).

Transaction costs incurred on the purchase and sale of investments are taken to the Statement of Comprehensive Income as a capital item.

(e) **Reserves**

(i) Special Distributable Capital Reserve – the Special Distributable Capital Reserve is available for the Company to return capital to shareholders.

(ii) Special Distributable Revenue Reserve – the Special Distributable Revenue Reserve is available for the Company to return revenue to shareholders by way of special dividends.

(iii) Capital Redemption Reserve – the nominal value of shares bought back for cancellation is added to this reserve. This reserve is non-distributable.

(iv) Capital Reserve – holding gains and losses, gains and losses on the disposal of investments and exchange adjustments to overseas currencies are taken to the Capital Reserve together with the proportion of management fees, finance costs and taxation allocated to capital. Dividends paid may be deducted from accumulated realised capital profits recognised within this reserve.

(v) Revenue Reserve – the net profit arising in the revenue column of the Statement of Comprehensive Income is added to this reserve. Dividends paid during the year may be deducted from this reserve.

(f) **Investments**

Investments are classified as fair value through profit or loss at initial recognition and are recognised on trade date. Financial assets designated as fair value through profit or loss are measured initially and at subsequent reporting dates

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(f) **Investments (continued)**

at fair value. For listed investments this is bid price. Unlisted investments are fair valued by the Directors and determined in accordance with the International Private Equity and Venture Capital Valuation guidelines. The guidelines are also followed in respect of the marketability discounts applied to unlisted investments and the valuation and write-down of loan stock. Investments held in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Purchases and sales of investments are recognised at the trade date of the transaction. Gains and losses arising from the changes in fair value are included in net profit for the year as a capital item.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 12, described as follows, based on the lowest significant applicable input:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

For investments that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest significant applicable input) at the date of the event that caused the transfer.

(g) **Foreign currencies**

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Statement of Comprehensive Income depending on whether the gain or loss is of a capital or revenue nature respectively.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the 'Gains on investments held at fair value'. Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as 'Exchange gains'.

Rates of exchange at 31 December	**2014**	2013
Euro	**1.2886**	1.2020
US Dollar	**1.5593**	1.6563
Norwegian Krone	**11.6906**	10.0482
Swiss Franc	**1.5494**	1.4730

(h) **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

1 Accounting policies (continued)

(h) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(i) Zero Dividend Preference Shares

Zero Dividend Preference ('ZDP') Shares are recognised as liabilities in the Balance Sheet in accordance with IAS 32. After initial recognition, these liabilities are measured at amortised cost, which represents the initial net proceeds of the issuance after issue costs plus the accrued entitlement to the date of these financial statements.

The accrued entitlement is calculated as the difference between the proceeds on the issue of these shares and the final liability and is charged as finance costs over the term of the life of these shares using the effective interest rate method. In accordance with the SORP this item is allocated to the capital column of the Statement of Comprehensive Income.

The costs of issue of the ZDP Shares in December 2009, amounting to £1,132,000, were amortised on an effective yield basis over the life of the ZDP Shares. The ZDP Shares were repaid on 15 December 2014 as discussed in note 15.

(j) Share pool allocations

Following the payment of a final Restricted Voting Shares dividend of 1.675p per share on 14 February 2013, the Restricted Voting Pool had no assets or liabilities. The Restricted Voting Shares were converted and redesignated as Deferred Shares on 14 February 2013 and the Deferred Shares were bought back by the Company and cancelled on that date. On 15 February 2013 the admission of the Restricted Voting Shares to the Official List of the UKLA and trading on the London Stock Exchange's Main Market were cancelled. The Company therefore no longer has any Restricted Voting Shares in issue. Any new investments are allocated 100 per cent to the Ordinary Share Pool and drawdowns, receipts and income relating to such investments are attributable wholly to the Ordinary Share Pool. Prior to 14 February 2013, expenses were split between the Ordinary and Restricted Voting Pools on the basis of the ratio of the most recently published net assets of the respective pools when the expense is incurred, except for items which, by their nature, relate exclusively to a specific pool. Since 14 February 2013, expenses are allocated 100 per cent to the Ordinary Share Pool.

(k) Cash and short-term deposits

Cash and short-term deposits in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(l) Interest-bearing borrowings

All non-current borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

2 Income

	31 December 2014 £'000	31 December 2013 £'000
Investment income	**3,972**	2,331
Other income		
Deposit interest	**27**	25
Other income	**–**	28
	27	53

Notes to the Financial Statements (continued)

3 Share pool reconciliations

The Company carries on business as an investment trust and during the year operated the Ordinary Pool (2013: two pools of assets – Ordinary and Restricted Voting Pools). The Group's Statement of Comprehensive Income on page 34, can be analysed as follows:

Year to 31 December 2014	Revenue £'000	Capital £'000	Ordinary Pool Total £'000
Gains on investments	**–**	**18,587**	**18,587**
Exchange gains	**–**	**572**	**572**
Income	**3,999**	**–**	**3,999**
Expenses	**(1,261)**	**(2,633)**	**(3,894)**
Finance costs	**(349)**	**(4,854)**	**(5,203)**
Profit before taxation	**2,389**	**11,672**	**14,061**
Taxation	**(451)**	**451**	**–**
Profit for year	**1,938**	**12,123**	**14,061**

Year to 31 December 2013	Revenue £'000	Capital £'000	Ordinary Pool Total £'000	Revenue £'000	Capital £'000	Restricted Voting Pool Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	24,599	24,599	–	7	7	–	24,606	24,606
Exchange gains/(losses)	–	50	50	–	(2)	(2)	–	48	48
Income	2,384	–	2,384	–	–	–	2,384	–	2,384
Expenses	(1,191)	(2,719)	(3,910)	(5)	–	(5)	(1,196)	(2,719)	(3,915)
Finance costs	(278)	(4,497)	(4,775)	–	–	–	(278)	(4,497)	(4,775)
Profit/(loss) before taxation	915	17,433	18,348	(5)	5	–	910	17,438	18,348
Taxation	(215)	215	–	–	–	–	(215)	215	–
Profit/(loss) for year	700	17,648	18,348	(5)	5	–	695	17,653	18,348

4 Investment management fee

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Investment management fee – basic fee	**516**	**1,548**	**2,064**	515	1,544	2,059
Investment management fee – performance fee	**–**	**1,085**	**1,085**	–	1,175	1,175
Total	**516**	**2,633**	**3,149**	515	2,719	3,234

The Company's investment manager is F&C Investment Business Limited ('the Manager').

Throughout the year the Manager was entitled to a basic management fee payable quarterly in arrears, of 0.9 per cent per annum of the relevant assets of the Company (2013: 0.9 per cent per annum of the relevant assets of the Ordinary Pool and, until the cancellation of the Restricted Voting Shares on 14 February 2013, 0.7 per cent per annum of the relevant assets of the Restricted Voting Pool). For the purposes of the basic management fees, the 'relevant' assets are the net assets of the relevant pool plus the amount of any long-term borrowings undertaken for the purpose of investment in relation to that pool but excluding the value of any investment in any fund which is managed by the Manager or an associate of the Manager.

4 Investment management fee (continued)

The Manager is also entitled to an annual performance fee if the internal rate of return per Ordinary Share over the relevant performance period (based on the net asset values per Ordinary Share at the beginning and end of that period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share during that period) exceeds 8 per cent per annum (the "performance hurdle"). The performance fee is also subject to a "high water mark" such that the aggregate of the net asset value per Ordinary Share at the end of the relevant performance period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share since 31 December 2013 (the end of the last period in respect of which a performance fee was paid) must exceed the audited net asset value of 269.07p per Ordinary Share as at 31 December 2013 (the net asset value per Ordinary Share at the end of the last period in respect of which a performance fee was paid, after accruing for that performance fee). If these conditions are satisfied in respect of a performance period, the performance fee will be equal to 7.5 per cent of the annualised increase in the net asset value per Ordinary Share (calculated using the internal rate of return per Ordinary Share) over that period multiplied by the time-weighted average number of Ordinary Shares in issue (excluding any shares held in treasury) during that period, provided that such performance fee will be reduced to such amount as may be necessary to ensure that (i) both the performance hurdle and the high water mark would still be satisfied if calculated based on the net asset value per Ordinary Share at the end of that period after accruing for the performance fee and (ii) the aggregate basic management and performance fees do not exceed 2 per cent per annum of the Company's net asset value. The performance period is the 36 month period ending on 31 December in the year in respect of which the performance fee may be payable, with transitional 12 and 24 month periods for the performance years ending on 31 December 2012 and 31 December 2013 respectively.

The management agreement between the Company and the Manager may be terminated at any time by either party giving six months' notice of termination. The management agreement can be terminated by the Company by written notice with immediate effect and no compensation being payable, if, *inter alia*, the Manager ceases to be an authorised person under the Financial Services and Markets Act 2000, or becomes insolvent, is wound up, has a receiver appointed over the whole or a substantial part of its assets or is liquidated. In the event that the Company terminates the agreement otherwise than in accordance with the management agreement, the Manager is entitled to receive a compensation payment. The compensation sum shall be an amount equal to 0.9 per cent of the net asset value of the Company as calculated at the business day prior to such termination becoming effective reduced *pro rata* in respect of any period of notice actually given from the date of receipt by the Manager of such notice to the effective date of termination.

During the year F&C Asset Management plc, the parent company of the Manager, also received a secretarial and administrative fee of £132,000 (2013: £125,000), which is subject to increases in line with the Consumer Price Index.

5 Other expenses

	2014 **£'000**	2013 £'000
Auditor's remuneration for:		
– statutory audit of the consolidated financial statements	**33**	25
– audit of the Company's subsidiary	**–**	5
– tax compliance services	**14**	8
– tax advisory services	**1**	5
– liquidation of subsidiary	**25**	–
Directors' fees	**153**	142
Legal fees	**51**	19
Printing and postage	**33**	39
Registration fees	**31**	35
Secretarial and administrative fee (see note 4)	**132**	125
Irrecoverable VAT	**83**	68
Other	**189**	210
	745	681

Notes to the Financial Statements (continued)

6 Finance costs

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
Interest payable on bank loans and overdrafts	**349**	**1,047**	**1,396**	278	835	1,113
Finance costs attributable to ZDP Shares	**–**	**3,807**	**3,807**	–	3,662	3,662
	349	**4,854**	**5,203**	278	4,497	4,775

7 Taxation on ordinary activities

(a) Analysis of charge for the year

	Revenue £'000	Capital £'000	2014 Total £'000	Revenue £'000	Capital £'000	2013 Total £'000
UK corporation tax	**451**	**(451)**	**–**	215	(215)	–

(b) Reconciliation of taxation for the year

The taxation charge for the year is lower than the standard rate of corporation tax in the UK for a large company of 21.50 per cent (2013: 23.25 per cent). The table below provides a reconciliation of the respective charges.

	2014 £'000	2013 £'000
Profit before tax	**14,061**	18,348
Corporation tax at standard rate of 21.50 per cent (2013: 23.25 per cent)	**3,023**	4,266
Effects of:		
Non taxable capital gains	**(4,119)**	(5,732)
Non taxable dividend income	**(64)**	–
Non deductible charges in capital	**820**	854
Excess expenses arising in the year	**340**	612
	–	–

At 31 December 2014, there was an unrecognised deferred tax asset of £2,143,000 in respect of unutilised losses carried forward (2013: £1,618,000).

8 Dividends

	2014 £'000	2013 £'000
Amounts recognised as distributions to shareholders in the year:		
Final Ordinary Share dividend of 5.07p for the year ended 31 December 2012	**–**	3,665
Interim Ordinary Share dividend of 5.22p for the year ended 31 December 2013	**–**	3,773
Final Ordinary Share dividend of 5.36p for the year ended 31 December 2013	**3,874**	–
Interim Ordinary Share dividend of 5.39p for the year ended 31 December 2014	**3,896**	–
	7,770	7,438
Amounts relating to the year but not paid at the year end:		
Final Ordinary Share dividend of 5.36p for the year ended 31 December 2013	**–**	3,874
Final Ordinary Share dividend of 5.45p for the year ended 31 December 2014	**3,939**	–
	3,939	3,874

Special dividends

There were no special dividends paid during the year ended 31 December 2014.

On 14 February 2013 a final Restricted Voting Shares dividend of 1.675p per Restricted Voting Share was paid. The total amount paid was £1,124,000.

9 Returns and net asset values

	2014 Ordinary Pool	2013 Ordinary Pool	2013 Restricted Voting Pool
The returns and net asset values per share are based on the following figures:			
Revenue return	**£1,938,000**	£700,000	£(5,000)
Capital return	**£12,123,000**	£17,648,000	£5,000
Net assets attributable to shareholders	**£203,508,000**	£197,217,000	–
Net assets attributable to shareholders (including warrants to be exercised)	**£206,054,000**	£199,763,000	–
Number of shares in issue at end of period	**72,282,273**	72,282,273	–
Weighted average number of shares in issue during period	**72,282,273**	72,282,273	67,084,807
Number of shares in issue at end of period (including warrants to be exercised)	**74,241,429**	74,241,429	–
Weighted average number of shares in issue during period (including warrants to be exercised)	**74,241,429**	74,241,429	67,084,807

	Revenue	**Capital**	**2014 Total**	Revenue	Capital	2013 Total
Return per Ordinary Share – Basic	**2.68p**	**16.77p**	**19.45p**	0.97p	24.41p	25.38p
Return per Ordinary Share – Fully diluted	**2.61p**	**16.33p**	**18.94p**	0.94p	23.77p	24.71p
Return per Restricted Voting Share – Basic	**n/a**	**n/a**	**n/a**	(0.01)p	0.01p	– p

	2014	2013
Net asset value per Ordinary Share – Basic	**281.55p**	272.84p
Net asset value per Ordinary Share – Fully diluted	**277.55p**	269.07p

Returns per share are calculated on the weighted average number of shares in each class in issue during the year. Net asset values per share are calculated on the number of shares in each class in issue at the year end. The Company has in issue 1,959,156 warrants to subscribe for Ordinary Shares as discussed in note 17. Note 3 to the financial statements provides further analysis of the returns of the Ordinary and Restricted Voting Pools.

Notes to the Financial Statements (continued)

10 Investments

Group

	Listed £'000	Unlisted £'000	2014 Total £'000	Listed £'000	Unlisted £'000	2013 Total £'000
Cost at beginning of year	2,719	220,307	223,026	2,284	210,206	212,490
Movements during the year:						
Purchases	–	29,114	29,114	–	39,587	39,587
Sales	(1,118)	(49,826)	(50,944)	(605)	(39,593)	(40,198)
(Losses)/gains on disposal	(380)	10,909	10,529	45	11,102	11,147
In specie distribution	165	(165)	–	995	(995)	–
Cost at end of the year	1,386	210,339	211,725	2,719	220,307	223,026
Holding (losses)/gains	(826)	23,515	22,689	(1,370)	16,001	14,631
Valuation at end of year	560	233,854	234,414	1,349	236,308	237,657

	2014 £'000	2013 £'000
Gains on disposals	10,529	11,147
Increase in holding gains	8,058	13,459
Gains on investments	18,587	24,606

Company

	Listed £'000	Unlisted £'000	Subsidiary Undertaking £'000	2014 Total £'000	Listed £'000	Unlisted £'000	Subsidiary Undertaking £'000	2013 Total £'000
Cost at beginning of year	2,670	220,307	50	223,027	2,235	210,206	50	212,491
Movements during the year:								
Purchases	–	29,114	–	29,114	–	39,587	–	39,587
Sales	(1,073)	(49,826)	(56)	(50,955)	(605)	(39,593)	–	(40,198)
(Losses)/gains on disposal	(376)	10,909	6	10,539	45	11,102	–	11,147
In specie distribution	165	(165)	–	–	995	(995)	–	–
Cost at end of the year	1,386	210,339	–	211,725	2,670	220,307	50	223,027
Holding (losses)/gains	(826)	23,515	–	22,689	(1,367)	16,001	6	14,640
Valuation at end of year	560	233,854	–	234,414	1,303	236,308	56	237,667

	2014 £'000	2013 £'000
Gains on disposals	10,539	11,147
Increase in holding gains	8,049	13,461
Gains on investments	18,588	24,608

In specie distributions of listed equities received from Warburg Pincus VIII and Warburg Pincus IX totalled £165,000 (2013: £995,000).

During the year the Group incurred transaction costs on purchases and sales of investments of £nil (year to 31 December 2013: £nil).

11 Subsidiary undertaking

The Company owns 100 per cent of the issued ordinary shares of F&C Private Equity Zeros plc ('FCPEZ') (in liquidation). On 12 December 2014, a special resolution was passed by the shareholders of FCPEZ that FCPEZ be wound up voluntarily pursuant to Section 84(1)(b) of the Insolvency Act 1986 and that Derek Neil Hyslop and Colin Peter Dempster of Ernst & Young LLP of 10 George Street, Edinburgh EH2 2DZ, having consented to act, be appointed as joint liquidators with the power to act jointly and severally for the purpose of such winding up including realising and distributing FCPEZ's assets and any power conferred on them by law or by said resolution and any act required or authorised under any enactment to be done by them may be exercised by them jointly or by each of them alone.

As at 31 December 2014, the valuation of the Company's holding in FCPEZ was £nil (2013: £56,000).

12 Fair value of assets and liabilities

Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

				2014				2013
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Financial assets								
Investments	**560**	**–**	**233,854**	**234,414**	1,349	–	236,308	237,657
Financial liabilities								
Interest-bearing bank loan	**–**	**(22,312)**	**–**	**(22,312)**	–	–	–	–
Zero dividend preference shares	**–**	**–**	**–**	**–**	(43,950)	–	–	(43,950)

There were no transfers between levels in the fair value hierarchy in the year ended 31 December 2014 (2013: none).

Valuation techniques and processes

Listed equity investments

Quoted fixed asset investments held are valued at bid prices which equate to their fair values. When fair values of publicly traded equities are based on quoted market prices in an active market without any adjustments, the investments are included within Level 1 of the hierarchy.

Unlisted equity investments

The Company invests primarily in private equity funds and co-investments via limited partnerships or similar fund structures. Such vehicles are mostly unquoted and in turn invest in unquoted securities. The fair value of a holding is based on the Company's share of the total net asset value of the fund or share of the valuation of the co-investment calculated by the lead private equity manager on a quarterly basis.

The lead private equity manager derives the net asset value of a fund from the fair value of underlying investments. The fair value of these underlying investments and the Company's co-investments is calculated using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEG'). In accordance with IPEG these investments are generally valued using an appropriate multiple of maintainable earnings, which has been derived from comparable multiples of quoted companies or recent transactions. The F&C private equity team has access to the underlying valuations used by the lead private equity managers including multiples and any adjustments. The F&C private equity team generally values the Company's holdings in line with the lead managers but may make adjustments where they do not believe the underlying managers' valuations represent fair value.

On a quarterly basis, the F&C private equity team present the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations.

Interest-bearing bank loan

The interest-bearing bank loan is recognised in the Balance Sheet at fair value in accordance with IFRS.

Notes to the Financial Statements (continued)

12 Fair value of assets and liabilities (continued)

Zero dividend preference shares

The intercompany loan from F&C Private Equity Zeros plc to the Company was fully repaid on 10 December 2014. The zero dividend preference shares were repaid to shareholders on 15 December 2014. At 31 December 2013 the intercompany loan based on offer price was £43,950,000 compared to its value as stated on the balance sheet at amortised cost of £41,835,000.

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 31 December 2014 was 7.7 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (2013: 7 times EBITDA).

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

Input	Sensitivity used*	Effect on fair value £'000
31 December 2014		
Weighted average earnings multiple	**1x**	**44,972**
31 December 2013		
Weighted average earnings multiple	1x	59,077

*The sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the fair value.

The fair value of the Company's unlisted investments is sensitive to changes in the assumed earnings multiples. The managers of the underlying funds assume an earnings multiple for each holding. An increase in the weighted average earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in this multiple would lead to a decrease in the fair value.

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the year:

	2014 £'000	2013 £'000
Balance at beginning of year	**236,308**	212,724
Purchases	**29,114**	39,587
Sales	**(49,826)**	(39,593)
Gains on disposal	**10,909**	11,102
In specie distribution	**(165)**	(995)
Holding gains	**7,514**	13,483
Balance at end of year	**233,854**	236,308

13 Other receivables

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Investment debtors	**2,551**	**2,551**	–	–
Other debtors	**26**	**26**	321	320
	2,577	**2,577**	321	320

14 Cash and short-term deposits

	Group 2014 £'000	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Cash at banks and on hand	**196**	**196**	3,070	3,061
Short-term deposits	**6,750**	**6,750**	3,948	3,948
	6,946	**6,946**	7,018	7,009

15 Current liabilities

Other payables	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Interest accrued	**253**	**253**	239	239
Due to Manager	**2,116**	**2,116**	2,220	2,220
Accrued expenses	**227**	**227**	157	157
Multi-currency revolving credit facility utilised	**15,521**	**15,521**	3,328	3,328
	18,117	**18,117**	5,944	5,944

On 30 June 2014, the Company entered into a five year €30 million term and £45 million multi-currency revolving credit facility agreement ('RCF'). This replaced the Company's previous £50 million unsecured committed multi-currency revolving credit facility agreement which was cancelled on entering into the new agreement.

The €30 million term loan was fully drawn down during the year and is included within non-current liabilities (note 16). In addition, £15.5 million of the RCF was drawn down at 31 December 2014 (2013: £3.3 million multi-currency revolving credit facility). The amount of undrawn RCF at 31 December 2014 which is available for future operating activities and settling capital commitments is £29.5 million. Interest rate margins on the amounts drawn down are variable and are dependent upon commercial terms agreed with the bank. Commitment commissions are payable on undrawn amounts at commercial rates.

Under the covenants which relate to the facility, the Company is required to ensure that at all times:

- the total borrowings of the Company do not exceed 25 per cent of the adjusted portfolio value;
- outstanding uncalled commitments expressed as a percentage of net asset value do not exceed 70 per cent;
- outstanding uncalled commitments forecast to be called during the three month period following a covenant test date do not exceed the available funds; and
- the net asset value is not less than £140 million.

The Company met all covenant conditions during the year.

Amounts due to subsidiary	**Group 2014 £'000**	**Company 2014 £'000**	Group 2013 £'000	Company 2013 £'000
Subordinated unsecured loan note (including issue expenses)	**–**	**–**	–	28,868
Capital contribution to subsidiary	**–**	**–**	–	12,967
Amounts due to subsidiary	**–**	**–**	–	41,835

The Company had issued to its subsidiary, F&C Private Equity Zeros plc, a non interest bearing subordinated unsecured loan note 2015 equal to the net proceeds of the Zero Dividend Preference Shares ('ZDP Shares') issued by the subsidiary and loaned to the Company under an agreement dated 1 December 2009. The loan of £45,642,000 was repaid on 10 December 2014 and the Company's subsidiary entered voluntary members' liquidation on 12 December 2014 as described in note 11.

Notes to the Financial Statements (continued)

15 Current liabilities (continued)

Zero dividend preference shares

The ZDP Shares of F&C Private Equity Zeros plc were issued on 14 December 2009 at 100p per share and redeemed on 15 December 2014 at 152.14p per share, an effective rate of 8.75 per cent per annum.

	Number of ZDP Shares	Amount due to ZDP shareholders (£'000)
As at 31 December 2013	30,000,000	41,835
ZDP Shares finance cost	–	3,807
Repayment of ZDP Shares	(30,000,000)	(45,642)
As at 31 December 2014	–	–

16 Non-current liabilities

Interest-bearing bank loan

On 30 June 2014 the Company entered into a five year €30,000,000 term loan agreement and this was fully drawn down during the year. This was drawn down to repay the Zero Dividend Preference Shares and is discussed in note 15.

	31 December 2014 £'000
Principal amount outstanding	23,282
Set up costs	(1,079)
Amortisation of set up costs	109
	22,312

17 Share capital

Equity share capital

At 31 December 2014 there were 72,282,273 Ordinary Shares and no Restricted Voting Shares in issue. On 14 February 2013 the Restricted Voting Shares were converted and designated as Deferred Shares. The Deferred Shares were bought back by the Company for an aggregate consideration of 1p and cancelled at that date. On 15 February 2013 the admission of the Restricted Voting Shares to the Official List of the UKLA and trading on the London Stock Exchange's Main Market were cancelled. The Company therefore no longer has any Restricted Voting Shares in issue.

	31 December 2014 £'000	31 December 2013 £'000
Equity share capital:		
Issued 72,282,273 Ordinary Shares of 1p each	723	723
	723	723

The Company has in issue 1,959,156 warrants to subscribe for Ordinary Shares at an exercise price of 129.94p per Ordinary Share. These warrants are capable of exercise at any time after 20 September 2009. The warrants are held by Martin Currie Limited (the holding company of the Company's previous investment manager) and by certain employees of the Manager.

Capital management

The Company's capital is represented by its issued share capital, special distributable capital reserve, special distributable revenue reserve, capital redemption reserve, capital reserve and revenue reserve.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Business Model and Strategy.

18 Financial instruments

The Group's financial instruments comprise equity investments, cash balances, bank loan and liquid resources including debtors and creditors. As an investment trust, the Company holds a portfolio of financial assets in pursuit of its investment objective. From time to time the Group may make use of borrowings to fund outstanding commitments and achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

The sensitivity calculations given in this note are based on positions at the respective balance sheet dates and are not representative of the year as a whole.

The Group's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Group is exposed are market price risk, interest rate risk, liquidity and funding risk, credit risk and foreign currency risk.

Market price risk

Market price risk embodies the potential for both losses and gains and includes interest rate risk, foreign currency risk and price risk.

The Group's strategy for the management of market price risk is driven by the Company's investment policy as outlined on page 5. The management of market price risk is part of the investment management process and is typical of private equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 13 to 17. Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the listed market. Some of that risk can be, and is, mitigated by diversifying the portfolio across business sectors and asset classes, and by having a variety of underlying private equity managers. New private equity managers are only chosen following a rigorous due diligence process. The Group's overall market positions are monitored by the Board on a quarterly basis.

Interest rate risk

Some of the Group's financial assets are interest bearing and, as a result, the Group is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

	2014 £'000	**2014 average interest rate**	**2014 average period until maturity**	2013 £'000	2013 average interest rate	2013 average period until maturity
Fixed interest portfolio	**–**	**–**	**–**	46	5%	0.7 years

Floating rate

When the Group retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency.

The Group held the following floating rate instruments:

	2014 £'000	**2014 average interest rate**	**2014 average period until maturity**	2013 £'000	2013 average interest rate	2013 average period until maturity
Cash and cash equivalents	**6,946**	**0.3%**	**n/a**	7,018	0.4%	n/a
Multi-currency revolving credit facility	**(15,521)**	**3.3%**	**0.17 years**	(3,328)	4.0%	0.08 years
Interest-bearing bank loan	**(23,282)**	**3.3%**	**4.50 years**	–	–	–

An increase of 25 basis points in interest rates as at 31 December 2014 would have increased loan interest payable, increased interest income receivable and reduced the total profit for the year by £80,000 (2013: increased loan interest payable, increased interest income receivable and increased the total profit by £9,000). A decrease of 25 basis points would have had an equal but opposite effect.

Notes to the Financial Statements (continued)

18 Financial instruments (continued)

Liquidity and funding risk

The Group's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Group may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer.

Capital commitments in respect of outstanding calls on investments at 31 December 2014 amounted to £64,200,000 (2013: £61,091,000). Of these outstanding commitments, at least £18 million (2013: £20 million) is to funds where the investment period has ended and the Manager would expect very little of this to be drawn. The outstanding undrawn commitments remaining within their investment periods are regularly monitored by the Manager using a cashflow model and will be funded using cash, the revolving credit facility and realised capital gains from more mature funds which are distributing cash back to the Company.

The Group's listed securities are considered to be readily realisable.

The Group's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described on pages 5 and 6. The Group's overall liquidity risks are currently monitored on a quarterly basis by the Board.

The Group maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Contractual maturity analysis for financial liabilities

As at 31 December 2014	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	After five years £'000	Total £'000
Liabilities						
Other creditors	920	15,690	1,587	–	–	18,197
Interest-bearing bank loan	–	121	540	25,862	–	26,523
Total liabilities	920	15,811	2,127	25,862	–	44,720

As at 31 December 2013	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	After five years £'000	Total £'000
Liabilities						
Other creditors	4,328	–	1,704	–	–	6,032
ZDP Shares	–	–	45,642	–	–	45,642
Total liabilities	4,328	–	47,346	–	–	51,674

18 Financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date, hence no separate disclosure is required.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	2014 £'000	2013 £'000
Investments in fixed interest instruments	**–**	46
Cash and cash equivalents	**6,946**	7,018
Interest, dividends and other receivables	**2,577**	321
	9,523	7,385

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the listed assets of the Group (which are traded on a recognised exchange) are held by JPMorgan Chase Bank, the Group's custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Group's risk by reviewing the custodian's internal control reports.

The Group's cash balances are held by a number of counterparties. Bankruptcy or insolvency of these counterparties may cause the Group's rights with respect to the cash balances to be delayed or limited. The Manager monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Manager would move the cash holdings to another bank.

Foreign currency risk

The Group invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Group's policy to hedge this risk on a continuing basis but it may do so from time to time.

Foreign currency exposure:

	2014 Investments £'000	**2014 Cash £'000**	**2014 Borrowings £'000**	2013 Investments £'000	2013 Cash £'000	2013 Borrowings £'000
US Dollar	**30,860**	**11**	**–**	26,904	2,809	–
Euro	**92,985**	**179**	**(38,803)**	108,370	249	(3,328)
Norwegian Krone	**7,414**	**–**	**–**	11,736	–	–
Swiss Franc	**1,210**	**–**	**–**	1,697	–	–
Total	**132,469**	**190**	**(38,803)**	148,707	3,058	(3,328)

To highlight the sensitivity to currency movements, if the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent at 31 December 2014, the capital gain would have increased for the year by £4.9 million (2013: positive £7.8 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 5 per cent, the capital gain would have decreased for the year by £4.5 million (2013: negative £7.1 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole.

Notes to the Financial Statements (continued)

19 Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, F&C Investment Business Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available from F&C Investment Business Limited on request and the numerical remuneration disclosures in relation to the AIFM's first relevant accounting period will be made available in due course.

The Company's maximum and average actual leverage levels at 31 December 2014 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	134%	137%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures to investors in accordance with the AIFM Directive are contained on the Company's website under Key Documents.

20 Related party transactions

The Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report on pages 28 and 29.

Notice of Annual General Meeting

Notice is hereby given that the sixteenth Annual General Meeting of F&C Private Equity Trust plc (in this notice, the "Company") will be held on Wednesday, 27 May 2015 commencing at 12 noon at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY, to transact the following business:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. That the Report of the Directors, the Auditor's Report and the financial statements for the year ended 31 December 2014 be received and adopted.
2. That the Report on Directors' Remuneration for the year ended 31 December 2014 be approved.
3. That a final dividend of 5.45p per Ordinary Share be declared.
4. That Mark Tennant, who retires by rotation, be re-elected as a Director.
5. That Douglas Kinloch Anderson, who retires annually, be re-elected as a Director.
6. That John Rafferty, who retires annually, be re-elected as a Director.
7. That Ernst & Young LLP be re-appointed as auditor.
8. That the Directors be authorised to determine the remuneration of the auditor for the year ending 31 December 2015.
9. That, in accordance with Section 551 of the Companies Act 2006 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £72,282 (being an amount equal to 10 per cent of the total issued ordinary share capital of the Company as at 15 April 2015, being the latest practicable date before the publication of this notice). Unless previously varied, revoked or renewed, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2016, save that the Company may, before the expiry of any authority contained in this resolution, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or Section 551 of the Act.

To consider and, if thought fit, pass the following as a special resolution:

10. That, subject to resolution 9 being passed, the Directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority to allot equity securities conferred upon them pursuant to the authority granted under resolution 9 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply, provided that the power conferred by this resolution shall be limited to the sale out of treasury and the allotment of Ordinary Shares having a nominal amount not exceeding £36,141 (being an amount equal to 5 per cent of the total issued ordinary share capital of the Company as at 15 April 2015, being the latest practicable date before the publication of this notice). Unless previously varied, revoked or renewed, the power hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2016, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Special Business

To consider and, if thought fit, pass the following as a special resolution:

11. That the Company be and it is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares in the capital of the Company provided that:
    (i) the maximum number of Ordinary Shares authorised to be purchased shall be 14.99 per cent of the number of the Ordinary Shares in issue at the date on which this resolution is passed;

Notice of Annual General Meeting (continued)

(ii) the minimum price which may be paid for an Ordinary Share shall be 1p;

(iii) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than the higher of:

(a) 5 per cent above the average of the market value of for the five business days immediately preceding the date of purchase; and

(b) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003); and

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2016, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

12. That the amendments proposed to the investment restrictions in Company's investment policy, as struck out and underlined (and highlighted in bold) below, be and are hereby approved with immediate effect:

At the time of investment:

- No more than ~~33~~**50** per cent of total assets may be invested in direct private equity co-investments.
- **No more than 5.0 per cent of total assets may be invested in any single direct private equity co-investment.**

By order of the Board
F&C Asset Management plc
Company Secretary
80 George Street
Edinburgh EH2 3BU

15 April 2015

Notes

1. ***Website Giving Information Regarding the AGM***

Information regarding the AGM, including the information required by Section 311A of the Companies Act 2006, is available from www.fcpet.co.uk.

2. ***Entitlement to Attend and Vote***

Only Ordinary Shareholders registered in the Company's register of members at 6.00 p.m. on Monday, 25 May 2015 (or, if the AGM is adjourned, at 6.00 p.m. on the day two business days prior to the adjourned meeting) shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on Monday, 25 May 2015 (or, if the AGM is adjourned, at 6.00 p.m. on the day two business days prior to the date of the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

3. ***Attending the AGM in Person***

An Ordinary Shareholder who wishes to attend the AGM in person should arrive at the venue for the AGM in good time to allow their attendance to be registered. As they may be asked to provide evidence of their identity prior to being admitted to the AGM, it is advisable for Ordinary Shareholders to have some form of identification with them.

4. ***Appointment and Revocation of Proxies***

4.1 An Ordinary Shareholder at the time set out in note 2 above is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy does not need to be a member of the Company but must attend the AGM to represent the Ordinary Shareholder. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.

4.2 An Ordinary Shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. An Ordinary Shareholder cannot appoint more than one proxy to exercise rights attached to the same Ordinary Shares. If an Ordinary Shareholder wishes to appoint more than one proxy, they should contact the Company's registrar, Capita Asset Services (the "Registrar"), on 0871 664 0300. Calls to this number cost 10p per minute plus network extras (excluding VAT). Lines open 9.00 a.m. to 5.30 p.m., Monday to Friday. Overseas Ordinary Shareholders should call +44 (0) 20 8639 3399.

4.3 If an Ordinary Shareholder wishes a proxy to speak on their behalf at the AGM, the Ordinary Shareholder will need to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the Form of Proxy or through CREST.

4.4 An Ordinary Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.

4.5 An Ordinary Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 5-7 (as appropriate) below. If an Ordinary Shareholder requires another hard-copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on either of the telephone numbers set out in note 4.2 above.

4.6 In order to revoke a proxy instruction, an Ordinary Shareholder must inform the Company by sending a hard-copy notice clearly stating their revocation of their proxy instruction to Capita Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of an Ordinary Shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. The revocation notice must be received by the Registrar not later than 12 noon on Monday, 25 May 2015.

4.7 Appointment of a proxy will not preclude an Ordinary Shareholder from attending the AGM and voting in person.

4.8 A person who is not an Ordinary Shareholder but has been nominated by an Ordinary Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 9 below.

5. ***Appointment of Proxy using Hard-copy Form of Proxy***

The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolution. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to Capita Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by the Registrar by not later than 12 noon on Monday, 25 May 2015. In the case of an Ordinary Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

6. ***Appointment of Proxy through CREST***

6.1 CREST members who wish to appoint a proxy or proxies for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be reviewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

6.2 In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (RA10) by not later than 12 noon on Monday, 25 May 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

6.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6.4 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. ***Appointment of Proxy by Joint Members***

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. ***Corporate Representatives***

Any corporation which is an Ordinary Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as an Ordinary Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary Share(s).

9. ***Nominated Persons***

A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”):

(i) may have a right under an agreement between the Nominated Person and the Ordinary Shareholder who has nominated them to have information rights

Notice of Annual General Meeting (continued)

(the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the AGM; and

(ii) if they either do not have such a right or if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

10. ***Website Publication of Audit Concerns***

Pursuant to Chapter 5 of Part 16 of the Companies Act (Sections 527 to 531), where requested by (an) Ordinary Shareholder(s) meeting the qualification criteria set out in note 11 below, the Company must publish on its website a statement setting out any matter that such Ordinary Shareholder(s) propose(s) to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement:

(i) it may not require the Ordinary Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;

(ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and

(iii) the statement may be dealt with as part of the business of the AGM. The request:

(a) may be in hard copy form or in electronic form (see note 12 below);

(b) either set out the statement in full or, if supporting a statement sent by another Ordinary Shareholder, clearly identify the statement which is being supported;

(c) must be authenticated by the person or persons making it (see note 12 below); and

(d) be received by the Company at least one week before the AGM.

11. ***Ordinary Shareholders' Qualification Criteria***

In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 10 above) the relevant request must be made by:

(i) (an) Ordinary Shareholder(s) having a right to vote at the AGM and holding at least 5 per cent of the total voting rights of the Company; or

(ii) at least 100 Ordinary Shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

12. ***Submission of Hard Copy and Electronic Requests and Authentication Requirements***

Where (an) Ordinary Shareholder(s) wish(es) to request the Company to publish audit concerns (see note 10 above) such request must be made in accordance with one of the following ways:

(i) a hard copy request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU;

(ii) a request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU; or

(iii) a request which states "FPEO - AGM" in the subject line of the e-mail and the full name(s) and address(es) of the Ordinary Shareholder(s) and is sent to investor.enquiries@fandc.com.

13. ***Questions at the AGM***

Under Section 319A of the Companies Act 2006, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by an Ordinary Shareholder attending the AGM unless:

(i) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information;

(ii) the answer has already been given on the Company's website in the form of an answer to a question; or

(iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

14. ***Issued Shares and Total Voting Rights***

At 15 April 2015, the Company's issued share capital comprised 72,282,273 Ordinary Shares, none of which were held in treasury. Each Ordinary Share carries the right to one vote, and, therefore, the total number of voting rights in the Company at 15 April 2015 was 72,282,273.

15. ***Disclosure Obligations***

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person other than the chairman of the AGM as their proxy will need to ensure that both they and their proxy complies with their respective disclosure obligations under the FCA's Disclosure and Transparency Rules.

16. ***Communication***

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on request. Where dividends are paid to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete an application form which may be obtained from Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU on request.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the *Financial Times* and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Capita Asset Services under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: www.fcpet.co.uk

Financial Calendar 2015/2016

27 May 2015	Annual General Meeting
27 May 2015	Announcement of quarterly results to 31 March 2015
29 May 2015	Payment of final dividend
August 2015	Announcement of interim results to 30 June 2015
November 2015	Announcement of quarterly results to 30 September 2015
November 2015	Payment of semi-annual dividend
March 2016	Announcement of annual results to 31 December 2015

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register at **www.fca.org.uk** to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **www.fca.org.uk/scams** where you can find out more about investment scams. You call also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

History

1999

The Company was launched in March 1999 as part of the reorganisation of The Scottish Eastern Investment Trust plc with the objective of managing the private equity investments formerly held by that company so as to realise those assets and return cash to shareholders.

2001

In August 2001, the Company was reorganised and shareholders were given the opportunity to convert all or part of their existing ordinary shares into A Shares (subsequently renamed Restricted Voting Shares) and B Shares (subsequently renamed Ordinary Shares).

2005

In August 2005, shareholders approved a change of company name from Martin Currie Capital Return Trust plc to F&C Private Equity Trust plc and the Company issued 49,758,449 C Shares following the acquisition of Discovery Trust plc and a subscription of £20 million by Friends Provident. The C Shares subsequently converted into Ordinary Shares.

2009

In December 2009 the Company, through its wholly owned subsidiary F&C Private Equity Zeros plc ('FCPEZ') issued 30,000,000 ZDP Shares at 100 pence per share. The ZDP Shares were designed to have a predetermined capital entitlement at the end of their life, on 15 December 2014, of 152.14 pence per share giving a redemption yield of 8.75 per cent per annum.

2012

On 23 May 2012 the Company adopted its current dividend policy, which is designed to provide shareholders with a regular and relatively predictable source of income, and the prospect of income growth over time.

2013

On 14 February 2013 the Restricted Voting Shares were converted and redesignated as Deferred Shares and the Deferred Shares were bought back by the Company and cancelled on that date. On 15 February 2013 the admission of the Restricted Voting Shares to the Official List of the UKLA and trading on the London Stock Exchange's Main Market were cancelled.

2014

On 15 December 2014, FCPEZ repaid its 30,000,000 ZDP Shares at 152.14 pence per share.

Historic Record

(Since reconstruction in 2005)

As at 31 December	Net Asset Value per Ordinary Share#	Ordinary Share Price	Discount	Revenue per Ordinary Share#	Dividends per Ordinary Share	Ongoing Charges
2005*	131.40p	107.00p	18.6%	1.96p	1.95p	1.3%
2006	178.10p	161.00p	9.6%	3.20p	2.50p	1.6%
2007	231.08p	187.00p	19.1%	0.60p	0.60p	1.7%
2008	218.74p	75.50p	65.5%	0.64p	0.50p	1.3%
2009	206.84p	107.00p	48.3%	0.58p	0.80p	1.3%
2010	228.02p	129.75p	43.1%	0.96p	0.95p	1.5%
2011	243.54p	146.00p	40.1%	0.78p	0.80p	1.4%
2012	254.38p	185.75p	27.0%	1.76p	10.03p	1.5%
2013	269.07p	207.50p	22.9%	0.94p	10.58p	1.4%ø
2014	**277.55p**	**217.88p**	**21.5%**	**2.61p**	**10.84p**	**1.4%ø**

* as at 31 July 2005
# fully diluted
ø excluding performance fee

Glossary of Terms

Corporate Terms

AAF – Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC – Association of Investment Companies, is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles in the European Union, including Investment Trusts, must appoint a Depositary and an Alternative Investment Fund Manager. The Board of Directors of an Investment Trust, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

Closed-end Investment Company – A company, including an Investment Trust, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.

Custodian – A specialised financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's Custodian is JPMorgan Chase Bank.

Depositary – Under AIFMD rules applying from July 2014, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under AIFMD regulations, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties. The Depositary's oversight duties include, but are not limited to, oversight of share buybacks, dividend payments and adherence to investment limits. The Company's Depositary is JPMorgan Europe Limited.

Derivative – A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Discount (or Premium) – If the share price of an Investment Trust is less than its Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium.

Dividend – The income from an investment. The Company currently pays dividends to shareholders twice a year.

GAAP – Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union). The Company's financial statements are prepared in accordance with IFRS.

Gearing – Unlike open-ended investment companies, Investment Trusts have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Trust has undertaken (see definition on page 2). The higher the level of borrowings, the higher the gearing ratio.

Investment Trust – A Closed-end Investment Company which satisfies the requirements of Section 1158 of the Corporation Tax Act 2010. Companies which meet these criteria are exempt from having to pay tax on the capital gains they realise from sales of the investments within their portfolios.

Leverage – As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings)

Glossary of Terms (continued)

and the Net Assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager – The Company's investment manager is F&C Investment Business Limited, with is part of the F&C Asset Management plc Group. Further details are set out on page 8 and in note 4 to the financial statements.

Market Capitalisation – The stock market value of a company as determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Trust at a point in time.

Net Asset Value ('NAV') per Ordinary Share – This is calculated as the net assets of an Investment Trust divided by the number of shares in issue, excluding those shares held in treasury.

Ongoing Charges – All operating costs expected to be incurred in future and that are payable by the Company expressed as a proportion of the average Net Assets of the Company over the reporting year. The costs of buying and selling investments are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing Ordinary Shares.

Ordinary Shares – The main type of equity capital issued by conventional Investment Trusts. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Trust, and any capital growth. As at 31 December 2014 the Company had only Ordinary Shares in issue.

Share Price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.

SORP – Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC.

Total Assets – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors.

Total Return – The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

Zero Dividend Preference Shares ('ZDP Shares') – An additional share class issued by some Investment Trusts. Their aim is to give investors back a certain amount of money, which is set in advance – called the redemption value. The Company's wholly owned subsidiary, F&C Private Equity Zeros plc, had 30,000,000 ZDP Shares in issue during the year but these were repaid in their entirety on 15 December 2014.The Group therefore no longer has any ZDP Shares in issue.

Private Equity Terms

Carried Interest – The share in the proceeds of a sale of an investee company or fund that is retained by the private equity fund manager as a performance fee if the investment has performed well.

Co-investment – An investment made directly into a company alongside a financial sponsor or other private equity investors.

Deal Flow – The rate at which investment proposals come to a private equity fund manager.

Drawdown – When a private equity firm has decided where it would like to invest, it will approach its investor to drawdown the money already committed to the fund.

General Partner ('GP') – The manager of a limited partnership private equity fund.

Internal Rate of Return ('IRR') – Generally, the term refers to the annual compound rate of return to an investor over a given period. Returns normally include dividend and interest distributions and proceeds from disposals or a fair valuation of the company if unrealised.

Lead Investor – A private equity investor who either wins the mandate for, or invests the most in, a syndicated investment.

Limited Partnership – The legal structure of most private equity funds, comprising a fixed-life investment vehicle managed by General Partners with the Limited Partners being the investors. Limited Partners have limited liability and are not involved in the day-to-day management of the fund but receive regular and detailed reports on the holdings in the fund.

Management Buy-in ('MBI') – The purchase of a business by private equity investors together with one or more outside managers. The managers sometimes put up some of the finance and gain a share of the equity.

Management Buy-out ('MBO') – The purchase of a business by private equity investors with some or all of the existing management. The managers put up some of the finance and gain a share of the equity.

Mezzanine Finance/Debt – Loans, usually unsecured, which rank after secured or senior debt but before equity in the event of the company defaulting. To compensate for the greater risk, these loans usually carry interest at a higher rate than on a secured loan and an element of equity.

Secondaries Transaction – This is where an institutional, corporate or fund-of-funds investor in a private equity fund sells part or all of their portfolio of individual fund holdings to another institutional or corporate investor or fund-of-funds.

Senior Debt – Secured debt which ranks first in terms of repayment in the event of default.

Syndicated Investment – An investment which is too large to be undertaken by one fund on its own and which is therefore shared among several private equity funds.

Trade Sale – The sale of an investee company to another company in the same sector as opposed to a financial institution.

How to Invest

One of the most convenient ways to invest in F&C Private Equity Trust plc is through one of the savings plans run by F&C Management Limited ('F&C').

F&C Private Investor Plan (PIP)
A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Investment Trust ISA
Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund (CTF)
CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. From 6 April 2015, the Registered Contact on a CTF is able to transfer a CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for birthdays in the 2015/16 tax year.

F&C Children's Investment Plan (CIP)
A flexible way to save for a child. With no maximum contributions, the plan can easily be written under bare trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

F&C Junior ISA (JISA)
This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,080 for the 2015/16 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both. From 6 April 2015, CTF holders are able to transfer a CTF to a JISA.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual Account Charge
ISA: £60+VAT
PIP: £40+VAT
JISA/CIP/CTF: £25+VAT
You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing Charge per Holding
ISA: 0.2%
PIP/CIP/JISA: Postal instructions £12, online instructions £8

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than two switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to Invest
You can invest in all our savings plans online.

New Customers
Contact our Investor Services Team

Call: **0800 136 420** (8:30am – 5:30pm, weekdays, calls may be recorded)
Email: **info@fandc.com**
Investing online: **www.fandc.com/apply**

Existing Plan Holders
Contact our Investor Services Team

Call: **0845 600 3030** (*9:00am – 5:00pm, weekdays, calls may be recorded)
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
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CM99 2DG

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† Chairman of the Audit Committee

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