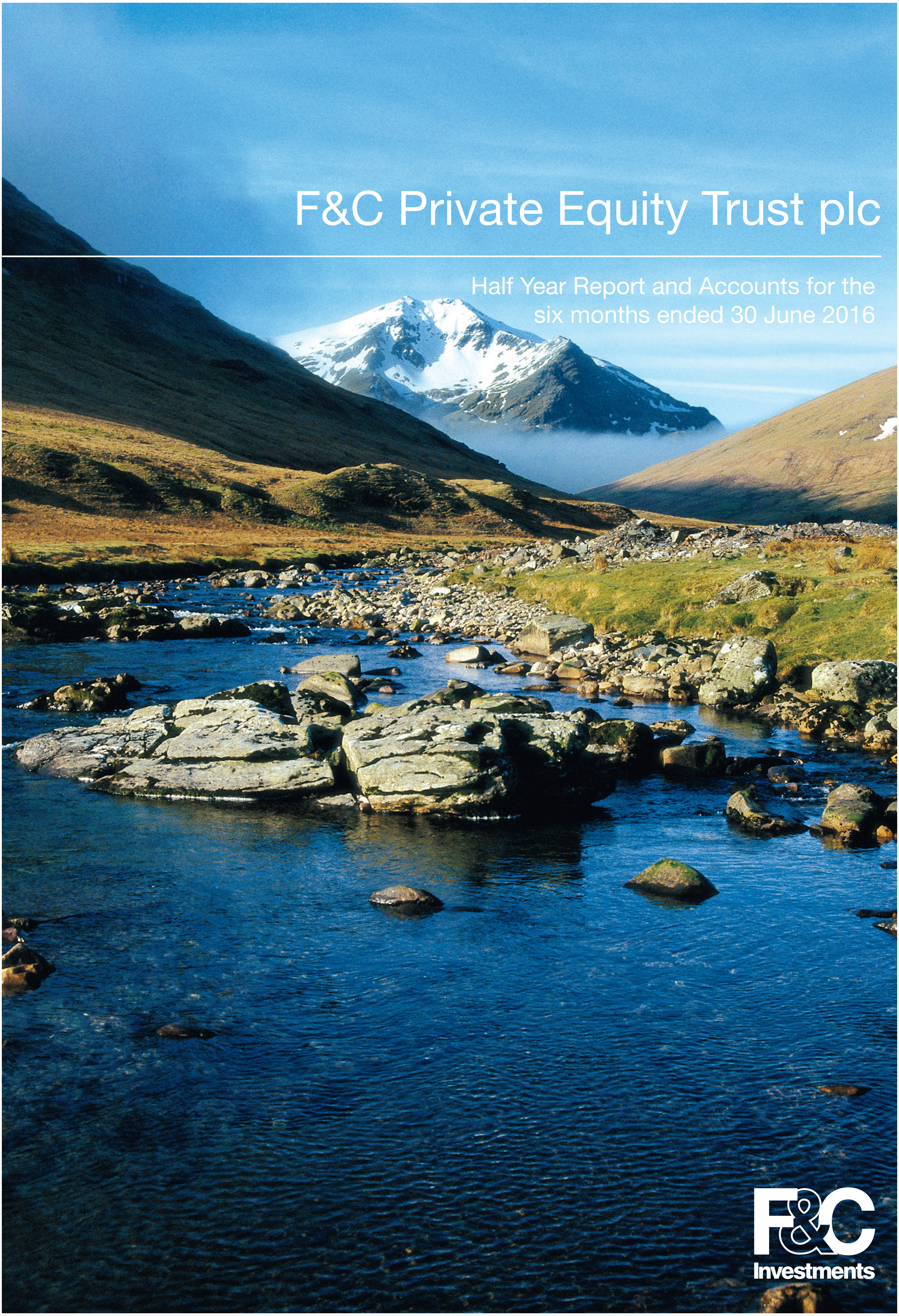
F&C Private Equity Trust plc

Half Year Report and Accounts for the six months ended 30 June 2016



F&C Investments

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Company Overview

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.

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.

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

Net Assets as at 30 June 2016

£232.2 million

Capital Structure

73,941,429 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

Financial Highlights

8.2%

NAV total return

- NAV total return for the six months of 8.2 per cent for the Ordinary Shares.

1.6%

Share price

- Share price total return for the six months of 1.6 per cent for the Ordinary Shares.

6.12p

Semi-annual dividend

- Semi-annual dividend of 6.12p per Ordinary Share.

5.1%

Annualised dividend

- Annualised dividend yield of 5.1 per cent at the period end.

Summary of Performance

Total Returns for the Period*	30 June 2016	31 December 2015	% change
Net asset value (fully diluted)	**+8.2%**	+10.7%	
Ordinary Share price	**+1.6%**	+16.4%	
Capital Values			
Net assets (£'000)	**232,233**	216,125	+7.5
Net asset value per Ordinary Share (fully diluted)	**314.08p**	295.74p	+6.2
Ordinary Share price	**240.00p**	241.75p	–0.7
Discount to net asset value (fully diluted)	**23.6%**	18.3%	
Income			
Revenue return after taxation (£'000)	**(461)**	5,026	
Revenue return per Ordinary Share (fully diluted)	**(0.62)p**	6.78p	
Gearing†	**2.4%**	–1.2%	
Future commitments (£'000)	**86,812**	56,024	

* 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).

Sources: F&C Investment Business, AIC and Datastream

Chairman's Statement

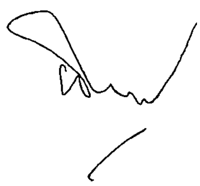
Mark Tennant, Chairman

Introduction

Your Company continues to make excellent progress. As at 30 June 2016 the Company's net asset value ('NAV') was £232.2 million giving a NAV per share of 314.08p. Taking into account last year's final dividend of 5.83p per share paid on 31 May 2016 the NAV total return for the first half of the year was 8.2 per cent. At the end of the period the Company had cash of £18.6 million. Together with borrowings of £24.3 million under the Company's loan facility, net debt was £5.7 million, equivalent to a gearing level of 2.4 per cent. The total of outstanding undrawn commitments at 30 June 2016 was £86.8 million and, of this, approximately £17 million is to funds where the investment period has expired.

In accordance with the Company's stated dividend policy, the Board declares a semi-annual dividend of 6.12p per ordinary share, payable on 4 November 2016 to shareholders on the register on 14 October 2016. For illustrative purposes only, this dividend represents an annualised yield of 5.1 per cent based on the share price as at 30 June 2016. I would like to remind shareholders of our dividend re-investment plan which can be a convenient and easy way to build up an existing holding.

Throughout the Company's history, there have been several reporting periods where movements in currency were significant and made a material impact, both positively and negatively, on your Company's NAV. Towards the end of the half year, on 23 June, the UK voted in a referendum to leave the European Union, a result that was widely unpredicted. Although sterling was weak ahead of the vote, it has weakened considerably since. With approximately half of our portfolio by value in sterling denominated assets and with all of the balance in euro or dollar linked currencies sterling's weakness before, and especially after, Brexit has been a material factor in the NAV movement in the first half. We estimate that it has added approximately 5.0 per cent over the first six months. The Company's borrowings are held in euros and this has marginally reduced the currency benefit. Despite the dominance of the currency factor, the Company also reports strong underlying progress in valuations based on good trading and successful exits. Whilst there has been an immediate short term positive effect on the Company's NAV, the longer term implications of the UK leaving the EU will take time to discern. Although there are relatively few companies which are directly and immediately affected either positively or negatively, almost all are influenced by the levels of business and consumer confidence that result from the Brexit vote. At this stage the main impact appears to be, unsurprisingly, a tendency in some quarters to hold back or pause before committing to new deals. For deals which involve a UK/EU interface, we should expect some adjustments to timing and terms to reflect the new and projected realities. For a large section of our portfolio, without direct UK involvement, business activity continues relatively uninfluenced. It is also likely that in due course new investment opportunities will be created by the new environment and we would expect a number of our partners to carefully and selectively take these. With a broadly based portfolio, a robust balance sheet and an uncomplicated capital structure your Company remains well placed to deliver further progress for shareholders.



Mark Tennant

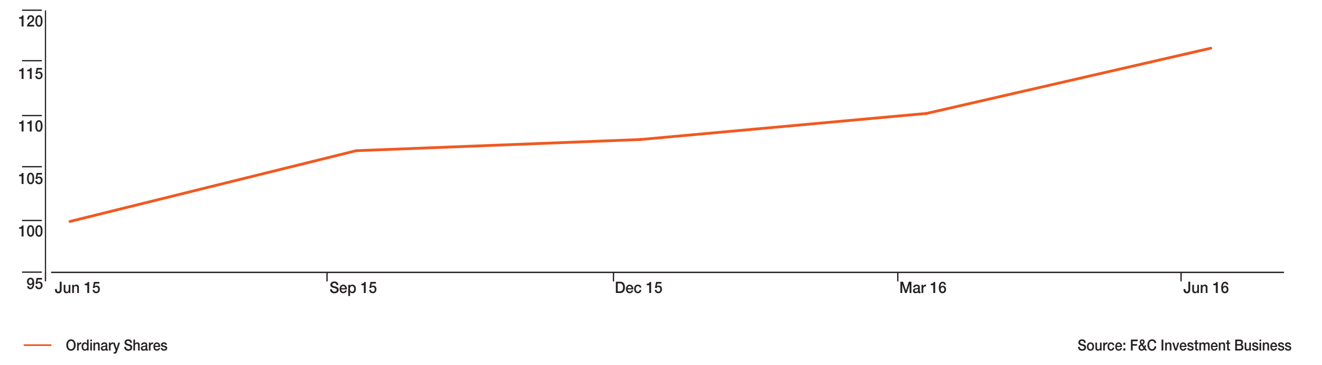
Chairman

25 August 2016

Ordinary Share Performance

For the 12 months to 30 June 2016

F&C Private Equity Trust plc Net Asset Value Total Return for the 12 months ended 30 June 2016



Manager's Review

Introduction

As noted in the Chairman's Statement the dominant macro-economic or political event of the half year has been the UK Brexit vote. We are closely monitoring our portfolio and liaising with our investment partners as we assess the immediate aftermath and longer term implications for our portfolio and the European private equity market in general. It has provided a short term currency related boost in portfolio value but there are likely to be some distinct buying opportunities for longer term investors over the coming months and years. At the level of our portfolio the early part of the year recorded lower levels of investment and exit activity than we had seen in the immediately preceding period, but this has picked up noticeably as the year has progressed. We do not expect the coincidence of favourable factors which led to 2015 being a record year for realisations to continue this year, but a healthy level of portfolio turnover is to be expected.

In the first half of the year we have invested through funds and co-investments a total of £19.3 million. Realisations over the period were £19.2 million.

New Investments

In order to maintain momentum in shareholder returns it is necessary to renew our portfolio of funds and co-investments steadily. We have a preference for emerging managers where we discern potential for strong performance by motivated managers. We also continue to back successful managers from fund to fund for as long as we assess that they are able to deliver. Most of the managers we back have well defined specialisms centred around a particular size of company in a particular country or region, often with some sectoral specialisms. During the first half of the year six new commitments to funds have been made and two co-investments. Following the period end a further five fund commitments have been made.

Manager's Review (continued)

A number of UK based funds have been added. £4 million was committed to FPE Fund II, a growth equity fund managed by the team formerly part of Stonehage Fleming, Europe's largest multi-family office. We are well acquainted with this team's capabilities through previous co-investments. £10 million was committed to August Equity Partners IV, the latest fund from these well-established lower mid-market buyout specialists. £3 million was committed to Inflexion Enterprise IV and £2 million to Inflexion Supplemental Fund IV. These funds, each of £250 million, managed by one of our longest standing and most successful investment partners, will invest respectively in companies with enterprise values of £20 million - £45 million and in somewhat larger deals alongside the main Inflexion funds. After the period end £5 million was committed to Piper Private Equity VI, a £100 million fund which will invest in UK lower mid-market companies involved in consumer brands. Most of our portfolio is invested in buyout funds, but we retain a limited appetite for venture capital. Reinforcing and updating our involvement in this asset class a commitment of £7.5 million has been made to SEP V, backing one of the UK's most successful venture capital firms.

In Europe €8 million was committed to Astorg VI, a France focused mid-market buyout fund which specialises in control investments in B2B companies with market leading positions in niche sectors. Our French exposure has been further renewed through the commitment, after the period end, of €5 million to Montefiore IV, a services sector fund investing in companies in the enterprise value size range of €25 million - €250 million. Two new commitments were made to our leading German speaking Europe investment partner, DBAG. €6.3 million was committed to their fund VII and €1.2 million to fund VII B. DBAG Fund VII follows DBAG's long term strategy in *mittelstand*, mainly capital goods, companies and Fund VII B will selectively invest in a limited number of these deals as a 'top up' fund. Lastly after extensive research we have identified a fund to capture the best of the Benelux region. €9 million has been committed to Bencis V, a mid-market fund focusing on companies with enterprise values between €20 million and €100 million.

Two new co-investments were added during the first half of the year. €4 million was invested for 6.2 per cent of Calucem, a Croatia based speciality chemicals company which is the world no 2 producer of Calcium Aluminate Cement (CAC), a material which is used in a number of high performance construction and industrial applications. The company has the dual benefits of a competitive cost base in Croatia and a largely German based R&D team. The deal is led by Italian mid-market specialists Ambienta.

£4.4 million has been invested for 14.3 per cent of Ashtead, an Aberdeen-based oil services company which rents and services specialist equipment used in inspection maintenance and repair for existing production fields, brownfield extension and new field construction. The deal is led by Buckthorn, a specialist private equity manager focusing on energy and energy services.

The broad range of funds in our portfolio ensures that new investments are made steadily leading to a naturally complementary portfolio of companies spanning many sectors and geographies.

Some of the more notable new investments of the first half of the year illustrate this range.

In the UK RJD Partners III invested £1.4 million in Babington, a leading provider of training for apprenticeships in the English Midlands. The company is envisioned to be a beneficiary of the government policy to increase the number of apprenticeships significantly. Lyceum Capital III have invested in telecoms services company Sabio (£0.6 million), which provides solutions to contact centres in the UK and overseas. Inflexion have been active calling capital for investment in engineering inspection and consultancy business, British Engineering Services (£0.4 million) and for compliance risk management and certification services company Alcumus (£0.7 million). FPE arranged a follow on investment in furniture provider David Phillips (£0.4 million).

In Europe GCP Capital Partners Europe II invested in Factory–CRO, a Netherlands based contract research organisation focusing exclusively on clinical trials for medical devices (£0.9 million). Italian mid-market specialist, ILP III, made a follow-on investment in Italian travel company Alpitour (£0.5 million). There were several other smaller investments made by funds in France, Germany, Iberia and the Nordic region.

Realisations

After a slowish start realisations have picked up as the year has progressed with the total for the first half of the year reaching £19.2 million. So far the exits and associated distributions have come from a range of funds and countries. These have nearly all achieved excellent returns.

The largest exit in the period was from the sale of surgical robotics company Blue Belt to Smith & Nephew by HealthpointCapital Partners III (£2.2 million, 3x, 30% IRR). Same-day courier and logistics services company Citysprint was partially exited by Dunedin Buyout II (£1.3 million, 2.8x). Funeral Services Partnership was sold by August Equity Partners III to Montagu Private Equity after a very short hold (£1.2 million, 2.5x, 196% IRR). RJD Partners II sold caravan holiday parks company Verdant Leisure to Palatine Private Equity (£1.2 million, 1.7x, 11% IRR). Our other investment in this sector, the Caledonia led co-investment in Park Holidays, returned £0.8 million after a refinancing of some of the company's debt.

On the Continent there were also several good exits. DBAG V sold bus and coach heating and ventilation company Spheros to trade buyer Valeo (£1.4 million, 2.5x, 24% IRR). Capvis III and IV received healthy proceeds from the IPO of vacuum valves company VAT AG on the Swiss stock market (£1.1 million, 3.3x). Chequers Capital XVI exited French power tools company Metabo through a sale to Japanese corporate Hitachi Koki (£0.8 million, 4.7x, 55% IRR). Further north, Argan Capital realised part of their holding in Swedish healthcare company Humana via a listing on the Stockholm stock exchange (£0.5 million, 5x, 24% IRR).

In the USA Camden Partners III sold Biomedical Enterprises, a medical devices company, to a subsidiary of Johnson & Johnson (£0.4 million). In Asia, AIF Capital Asia III sold Chinese generic drugs company Bestime to a consortium (£0.7 million, 5.2x, 27% IRR).

Following the period end there have been further realisations. Notably our co-investment in French cold sterilisation company Ionisos was sold by deal leader Agilitas to larger French private equity house Ardian (£5.2 million, 2.9x, 97% IRR). This was an excellent exit coming barely 18 months after investment.

Valuation Changes

The valuation changes have been related to some of the realisations noted above as well as to underlying trading in portfolio companies. Ionisos is the largest uplift at £1.9 million reflecting its post period end sale. The Inflexion Funds have had a strong start to the year and Inflexion 2012 Co-Investment Fund and Inflexion 2010 are up by £1.5 million and £0.9 million respectively. Park Holidays continues to trade well and profits progression has resulted in a £0.9 million uplift. In Sweden Procuritas IV has been uplifted by £0.5 million, mainly reflecting the very strong trading of ice cream machine maker Gram. Downgrades have included our co-investment in Meter Provida which has had some weaker trading and is down by £0.6 million. Lesser adjustments have been included for some of the mature and older funds with each of August Equity Partners II, PineBridge New Europe II and Candover 2005 down by £0.3 million.

Manager's Review (continued)

Financing

The Company had modest gearing of only 2.4 per cent at the period end. Subsequent realisations have put the Company back into a modest net cash position. This leaves effectively all of the £70 million borrowing facility available to fund investments should drawdowns and co-investments exceed the proceeds from realisations. The Company's borrowing facility has almost three years to run. As noted above we expect that the current unusual economic conditions will give rise to investment opportunities and the Company and its investment partners are well placed to take these in due course. The support which the Bank of England has given to the UK banking sector in the wake of the Brexit vote is to be welcomed as this should avert any debt shortage for appropriately priced buy-outs.

Outlook

Macro-economic factors command attention because they can be summarised with a few statistics and facilitate generalisations. They are also famously difficult to predict. Political developments are usually less relevant for the business and investment environment but they can be even more unpredictable and consequently can cause shocks. We are in the immediate aftermath of a political shock with economic consequences. At the level of individual businesses and from the perspective of investors with long term committed and illiquid capital there is no alternative but to proceed with business plans whilst being prepared to adapt and adjust as the background economic landscape changes. As we have noted before, private equity as a mode of investment benefits from, but does not require, a strong economic background for success. Private Equity managers are better used to accepting and pricing risk than most market participants. Many of them also have the skills to help managers of portfolio companies adjust and refresh plans in the light of changed circumstances. It is our conviction that the investment partners managing the funds and co-investments in our portfolio are well equipped to embrace change as an opportunity to build value for their investors. With that in mind returns for shareholders should continue to improve through the remainder of 2016.

Hamish Mair
Investment Manager
F&C Investment Business Limited

25 August 2016

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Stirling Square Capital Partners II	Europe	8,223	3.4
Argan Capital	Europe	7,660	3.2
TDR Capital II	Europe	6,164	2.6
Candover 2005	Europe	1,672	0.7
Candover 2008	Europe	57	–
Total Buyout Funds – Pan European		**23,776**	**9.9**
Buyout Funds – UK			
Inflexion 2012 Co-Investment Fund	UK	7,016	2.9
Inflexion 2010	UK	6,370	2.7
August Equity Partners II	UK	5,700	2.4
RJD Partners II	UK	3,072	1.3
Primary Capital III	UK	2,676	1.1
Dunedin Buyout II	UK	2,500	1.0
Lyceum Capital III	UK	2,478	1.0
Piper Private Equity V	UK	2,149	0.9
August Equity Partners III	UK	1,803	0.8
GCP Capital Partners Europe II	UK	1,706	0.7
RJD Private Equity III	UK	1,630	0.7
Equity Harvest Fund	UK	1,148	0.5
Inflexion Buyout IV	UK	1,115	0.5
Primary Capital IV	UK	724	0.3
Piper Private Equity IV	UK	404	0.2
Primary Capital II	UK	283	0.1
RL Private Equity I	UK	276	0.1
Inflexion Partnership Capital I	UK	264	0.1
Inflexion Supplemental Fund IV	UK	203	0.1
Inflexion 2006	UK	113	–
Penta F&C Co-Investment Fund	UK	95	–
Enterprise Plus	UK	90	–
Inflexion Enterprise IV	UK	30	–
Third Private Equity Fund	UK	16	–
Total Buyout Funds – UK		**41,861**	**17.4**
Buyout Funds – Continental Europe			
Procuritas Capital IV	Nordic	5,116	2.1
DBAG V	Germany	5,110	2.1
N+1 Private Equity II	Spain	4,830	2.0
Capvis III	DACH	4,700	2.0
PineBridge New Europe II	Central & East Europe	3,744	1.6
Aliante Equity 3	Italy	3,649	1.5
ILP III	Italy	2,950	1.2
DBAG VI	Germany	2,673	1.1
Procuritas Capital V	Nordic	2,143	0.9
Ciclad 4	France	2,063	0.9
Herkules Private Equity III	Nordic	1,986	0.8
Ciclad 5	France	1,911	0.8
Chequers Capital XVI	France	1,886	0.8
Progressio II	Italy	1,833	0.8
Corpfin Capital IV	Spain	1,575	0.7
Avallon MBO II	Central & East Europe	1,541	0.6
Vaaka Partners Buyout II	Nordic	1,529	0.6
Mid-Capital Mezzanine	Italy	1,410	0.6
Portobello Fund III	Spain	1,217	0.5
Capvis IV	DACH	1,206	0.5
Chequers Capital XV	France	1,185	0.5
PM & Partners II	Italy	1,160	0.5
Chequers Capital	France	435	0.2
Gilde Buyout III	Benelux	370	0.1
Alto Capital II	Italy	345	0.1
Nmás1 Private Equity Fund	Spain	124	0.1
Portobello Capital II	Spain	67	–
Total Buyout Funds – Continental Europe		**56,758**	**23.6**

Portfolio Holdings (continued)

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – USA			
Camden Partners IV	USA	5,651	2.3
Blue Point Capital II	USA	4,205	1.8
HealthpointCapital Partners III	USA	3,280	1.4
Blue Point Capital III	USA	2,683	1.1
Camden Partners III	USA	2,595	1.1
Hicks Muse Tate & Furst IV	USA	406	0.2
RCP II	USA	269	0.1
Blue Point Capital I	USA	94	–
Total Private Equity Funds – USA		**19,183**	**8.0**
Private Equity Funds – Global			
AIF Capital Asia III	Asia	2,230	0.9
Warburg Pincus IX	Global	897	0.4
PineBridge Global Emerging Markets II	Global	860	0.4
Warburg Pincus VIII	Global	854	0.3
F&C Climate Opportunity Partners	Global	468	0.2
PineBridge Latin America Partners II	Brazil	143	0.1
Total Private Equity Funds – Global		**5,452**	**2.3**
Venture Capital Funds			
SEP III	Europe	14,934	6.2
Environmental Technologies Fund	Europe	2,402	1.0
Pentech II	UK	2,317	1.0
SEP IV	Europe	1,817	0.8
Life Sciences Partners III	Europe	1,297	0.5
SEP II	Europe	930	0.4
Alta Berkeley VI	UK	847	0.3
Total Venture Capital Funds		**24,544**	**10.2**
Mezzanine Funds			
Hutton Collins III	Europe	4,744	2.0
Accession Mezzanine II	Central & East Europe	1,339	0.5
Hutton Collins II	Europe	900	0.4
Mezzanine Management IV	Europe	854	0.4
Accession Mezzanine I	Central & East Europe	336	0.1
Hutton Collins I	Europe	167	0.1
International Mezzanine Investment	Europe	73	–
1818 Mezzanine II	USA	38	–
Total Mezzanine Funds		**8,451**	**3.5**
Direct – Quoted			
Candover Investments	Europe	126	0.1
Antero	USA	101	–
Other quoted holdings	Global	4	–
Total Direct – Quoted		**231**	**0.1**
Secondary Funds			
The Aurora Fund	Europe	4,205	1.8
Total Secondary Funds		**4,205**	**1.8**
Direct – Investments/Co-investments			
Ionisos	Europe	5,185	2.2
Park Holidays	UK	5,012	2.1
Ambio Holdings	USA	4,511	1.9
Avalon	UK	4,362	1.8
Ashtead	Global	4,035	1.7
Harrington Brooks	UK	3,836	1.6
Collingwood Insurance Group	UK	3,614	1.5
Recover Nordic	Nordic	3,545	1.5
3si	Global	3,479	1.4
David Phillips	UK	3,448	1.4
Calucem	Europe	3,328	1.4
Burgess Marine	UK	3,145	1.3
Ticketscript	Europe	2,046	0.9
Meter Provida	UK	1,997	0.8
Schaetti	Europe	1,421	0.6
Safran	Nordic	1,146	0.5
Nutrisure	UK	1,056	0.4
Algeco Scotsman	Global	537	0.2
European Boating Holidays	Europe	30	–
Total Direct – Investments/Co-investments		**55,733**	**23.2**
Total Portfolio		**240,194**	**100.0**

Statement of Comprehensive Income

For the period ended

Notes		Six months ended 30 June 2016 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2015 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2015 (audited) Revenue £'000	Capital £'000	Total £'000
	Income									
	Gains on investments held at fair value	**–**	**23,983**	**23,983**	–	1,176	1,176	–	17,401	17,401
	Exchange (losses)/gains	**–**	**(2,928)**	**(2,928)**	–	3,266	3,266	–	2,072	2,072
	Investment income	**345**	**–**	**345**	4,307	–	4,307	7,562	–	7,562
	Other income	**32**	**–**	**32**	16	–	16	48	–	48
	Total income	**377**	**21,055**	**21,432**	4,323	4,442	8,765	7,610	19,473	27,083
	Expenditure									
3	Investment management fee – basic fee	**(277)**	**(832)**	**(1,109)**	(247)	(742)	(989)	(509)	(1,528)	(2,037)
3	Investment management fee – performance fee	**–**	**(1,331)**	**(1,331)**	–	(973)	(973)	–	(1,342)	(1,342)
	Other expenses	**(355)**	**–**	**(355)**	(340)	–	(340)	(696)	–	(696)
	Total expenditure	**(632)**	**(2,163)**	**(2,795)**	(587)	(1,715)	(2,302)	(1,205)	(2,870)	(4,075)
	(Loss)/profit before finance costs and taxation	**(255)**	**18,892**	**18,637**	3,736	2,727	6,463	6,405	16,603	23,008
4	Finance costs	**(206)**	**(618)**	**(824)**	(232)	(697)	(929)	(448)	(1,345)	(1,793)
	(Loss)/profit before taxation	**(461)**	**18,274**	**17,813**	3,504	2,030	5,534	5,957	15,258	21,215
	Taxation	**–**	**–**	**–**	(708)	708	–	(931)	931	–
	(Loss)/profit for period/total comprehensive income	**(461)**	**18,274**	**17,813**	2,796	2,738	5,534	5,026	16,189	21,215
5	**Return per Ordinary Share – Basic**	**(0.64)p**	**25.19p**	**24.55p**	3.87p	3.79p	7.66p	6.97p	22.44p	29.41p
5	**Return per Ordinary Share – Fully diluted**	**(0.62)p**	**24.71p**	**24.09p**	3.77p	3.68p	7.45p	6.78p	21.85p	28.63p

Amounts Recognised as Dividends

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Final Ordinary Share dividend of 5.45p per share for the year ended 31 December 2014	**–**	3,939	3,939
Interim Ordinary Share dividend of 5.58p per share for the year ended 31 December 2015	**–**	–	4,017
Final Ordinary Share dividend of 5.83p per share for the year ended 31 December 2015	**4,251**	–	–
	4,251	3,939	7,956

The above table does not form part of the Statement of Comprehensive Income.

Balance Sheet

Notes	As at	As at 30 June 2016 (unaudited) £'000	As at 30 June 2015 (unaudited) £'000	As at 31 December 2015 (audited) £'000
	Non–current assets			
	Investments at fair value through profit or loss	**240,194**	223,378	215,711
	Current assets			
	Other receivables	**13**	32	26
	Cash and cash equivalents	**18,596**	18,617	24,023
		18,609	18,649	24,049
	Current liabilities			
	Other payables	**(2,285)**	(16,533)	(2,278)
	Net current assets	**16,324**	2,116	21,771
	Total assets less current liabilities	**256,518**	225,494	237,482
	Non–current liabilities			
	Interest-bearing bank loan	**(24,285)**	(20,391)	(21,357)
	Net assets	**232,233**	205,103	216,125
	Equity			
	Called–up ordinary share capital	**739**	723	720
	Special distributable capital reserve	**17,567**	15,679	15,040
	Special distributable revenue reserve	**31,403**	31,403	31,403
	Capital redemption reserve	**1,335**	1,335	1,335
	Capital reserve	**172,025**	148,568	158,002
	Revenue reserve	**9,164**	7,395	9,625
	Shareholders' funds	**232,233**	205,103	216,125
6	**Net asset value per Ordinary Share – Basic**	**314.08p**	283.75p	300.25p
6	**Net asset value per Ordinary Share – Fully diluted**	**314.08p**	279.69p	295.74p

Statement of Changes in Equity

For the period ended

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 six months ended 30 June 2016 (unaudited)							
	Net assets at 1 January 2016	720	15,040	31,403	1,335	158,002	9,625	216,125
8	Issue of Ordinary Shares	19	2,527	–	–	–	–	2,546
	Profit/(loss) for the period/total comprehensive income	–	–	–	–	18,274	(461)	17,813
	Dividends paid	–	–	–	–	(4,251)	–	(4,251)
	Net assets at 30 June 2016	**739**	**17,567**	**31,403**	**1,335**	**172,025**	**9,164**	**232,233**
	For the six months ended 30 June 2015 (unaudited)							
	Net assets at 1 January 2015	723	15,679	31,403	1,335	149,769	4,599	203,508
	Profit for the period/total comprehensive income	–	–	–	–	2,738	2,796	5,534
	Dividends paid	–	–	–	–	(3,939)	–	(3,939)
	Net assets at 30 June 2015	723	15,679	31,403	1,335	148,568	7,395	205,103
	For the year ended 31 December 2015 (audited)							
	Net assets at 1 January 2015	723	15,679	31,403	1,335	149,769	4,599	203,508
	Cancellation of Ordinary Shares	(3)	(639)	–	–	–	–	(642)
	Profit for the year/total comprehensive income	–	–	–	–	16,189	5,026	21,215
	Dividends paid	–	–	–	–	(7,956)	–	(7,956)
	Net assets at 31 December 2015	720	15,040	31,403	1,335	158,002	9,625	216,125

Cash Flow Statement

For the period ended	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Operating activities			
Profit before taxation	**17,813**	5,534	21,215
Gains on disposals of investments	**(4,479)**	(10,292)	(5,965)
(Increase)/decrease in holding gains	**(19,504)**	9,116	(11,436)
Exchange differences	**2,928**	(3,266)	(2,072)
Interest income	**(32)**	(16)	(48)
Interest received	**32**	16	48
Investment income	**(345)**	(4,307)	(7,562)
Dividends received	**345**	4,583	7,840
Finance costs	**824**	929	1,793
Decrease/(increase) in other receivables	**13**	(4)	–
Increase/(decrease) in other payables	**11**	(206)	(309)
Net cash (outflow)/inflow from operating activities	**(2,394)**	2,087	3,504
Investing activities			
Purchases of investments	**(19,257)**	(19,177)	(35,271)
Sales of investments	**18,757**	33,662	73,655
Net cash (outflow)/inflow from investing activities	**(500)**	14,485	38,384
Financing activities			
Shares issued	**2,546**	–	–
Shares cancelled	**–**	–	(642)
Repayment of bank loans	**–**	–	(14,618)
Interest paid	**(720)**	(848)	(1,586)
Equity dividends paid	**(4,251)**	(3,939)	(7,956)
Net cash outflow from financing activities	**(2,425)**	(4,787)	(24,802)
Net (decrease)/increase in cash and cash equivalents	**(5,319)**	11,785	17,086
Currency losses	**(108)**	(114)	(9)
Net (decrease)/increase in cash and cash equivalents	**(5,427)**	11,671	17,077
Opening cash and cash equivalents	**24,023**	6,946	6,946
Closing cash and cash equivalents	**18,596**	18,617	24,023

Certain comparative figures have been dis-aggregated to provide more detailed information in line with the current presentation adopted. There was no impact on the comparative net profit as a result of the new presentation.

Notes to the Accounts

1 The condensed company financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 *'Interim Financial Reporting'* and, except as described below, the accounting policies set out in the statutory accounts for the year ended 31 December 2015. The condensed financial statements do not include all of the information and disclosures required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2015, which were prepared under full IFRS requirements.

The Company has adopted the following new amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016. The following changes in accounting standards are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2016:

- *'Annual Improvements to IFRSs 2012-2014 Cycle'* – The adoption of these improvements does not have a material impact on the Company's financial position and peformance.

2 Earnings for the six months to 30 June 2016 should not be taken as a guide to the results for the year to 31 December 2016.

3 Investment management fee

	Six months ended 30 June 2016 (unaudited)			Six months ended 30 June 2015 (unaudited)			Year ended 31 December 2015 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – basic fee	**277**	**832**	**1,109**	247	742	989	509	1,528	2,037
Investment management fee – performance fee	**–**	**1,331**	**1,331**	–	973	973	–	1,342	1,342
	277	**2,163**	**2,440**	247	1,715	1,962	509	2,870	3,379

4 Finance costs

	Six months ended 30 June 2016 (unaudited)			Six months ended 30 June 2015 (unaudited)			Year ended 31 December 2015 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on bank loans	**206**	**618**	**824**	232	697	929	448	1,345	1,793

5 The basic return per Ordinary Share is based on a net profit on ordinary activities after taxation of £17,813,000 (30 June 2015 – £5,534,000; 31 December 2015 – £21,215,000) and on 72,550,643 (30 June 2015 – 72,282,273; 31 December 2015 – 72,143,369) shares, being the weighted average number of Ordinary Shares in issue during the period.

The fully diluted return per Ordinary Share is based on a net profit on ordinary activities after taxation of £17,813,000 (30 June 2015 – £5,534,000; 31 December 2015 – £21,215,000) and on 73,941,429 (30 June 2015 – 74,241,429; 31 December 2015 – 74,102,525) shares, being the weighted average number of Ordinary Shares in issue during the period after conversion of the Ordinary Share warrants.

6 The basic net asset value per Ordinary Share is based on net assets at the period end of £232,233,000 (30 June 2015 – £205,103,000; 31 December 2015 – £216,125,000) and on 73,941,429 (30 June 2015 – 72,282,273; 31 December 2015 – 71,982,273) shares, being the number of Ordinary Shares in issue at the period end.

The fully diluted net asset value per Ordinary Share is based on net assets at the period end of £232,233,000 (30 June 2015 – £207,649,000; 31 December 2015 – £218,671,000) and on 73,941,429 (30 June 2015 – 74,241,429; 31 December 2015 – 73,941,429) shares, being the number of Ordinary Shares in issue at the period end after conversion of the Ordinary Share warrants.

Notes to the Interim Report (continued)

7 The fair value measurements for financial assets and liabilities are categorised into different levels in the fair value hierarchy based on inputs to valuation techniques used. The different levels are defined as follows:

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.

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
30 June 2016				
Financial assets				
Investments	231	–	239,963	240,194
Financial liabilities				
Interest-bearing bank loan	–	(24,990)	–	(24,990)
30 June 2015				
Financial assets				
Investments	406	–	222,972	223,378
Financial liabilities				
Interest-bearing bank loan	–	(21,314)	–	(21,314)
31 December 2015				
Financial assets				
Investments	306	–	215,405	215,711
Financial liabilities				
Interest-bearing bank loan	–	(22,172)	–	(22,172)

There were no transfers between levels in the fair value hierarchy in the period ended 30 June 2016. Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event that caused the transfer.

Valuation techniques

Quoted fixed asset investments held are valued at bid prices which equate to their fair values. Unlisted investments are fair valued by the Directors. 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. The interest-bearing bank loan is recognised in the Balance Sheet at amortised cost in accordance with IFRS. The fair value of the loan is based on indicative break costs. The fair values of all of the Company's other financial assets and liabilities are not materially different from their carrying values in the balance sheet.

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 30 June 2016 was 7.9 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (30 June 2015: 7.9 times EBITDA; 31 December 2015: 7.8 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:

Period end	Input	Sensitivity used*	Effect on fair value £'000
30 June 2016	Weighted average earnings multiple	1x	46,147
30 June 2015	Weighted average earnings multiple	1x	39,816
31 December 2015	Weighted average earnings multiple	1x	43,081

*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 are 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 the multiple would lead to a decrease in the fair value.

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 period:

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Balance at beginning of period	**215,405**	233,854	233,854
Purchases	**19,257**	19,177	35,271
Sales	**(18,757)**	(31,383)	(71,375)
Gains on disposal	**4,479**	10,285	6,046
In specie distribution	**(88)**	(23)	(23)
Increase/(decrease) in holding gains	**19,667**	(8,938)	11,632
Balance at end of period	**239,963**	222,972	215,405

8 During the period, the Company issued 1,959,156 Ordinary Shares of 1p each in the capital of the Company for a consideration of £2,546,000, payable in cash, following the exercise of subscription rights by holders of a corresponding number of management warrants previously issued by the Company in the capital of the Company. The surplus of cash received for the issue of shares over the par value of such shares is £2,527,000 and is credited to the special distributable capital reserve. No warrants remain in issue.

9 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 30 June 2016, the Company had outstanding undrawn commitments of £86.8 million. Of this amount, approximately £17 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 accounts. Accordingly, the accounts have been prepared on a going concern basis.

10 These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and have not been audited or reviewed by the Company's auditors. The information for the year ended 31 December 2015 has been extracted from the latest published financial statements which received an unqualified audit report and have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2015 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

The Directors believe that the principal risks and uncertainties faced by the Company include investment and strategic, external, regulatory, operational, financial and funding. The Company is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Uncertainties and Risk Management within the Business Model and Strategy in the Annual Report for the year ended 31 December 2015. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year. The longer-tem implications of Brexit are as yet unknown, but as noted in the Chairman's Statement, the Company has benefited in the short term from the recent weakness in Sterling.

Statement of Directors' Responsibilities in Respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Manager's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Mark Tennant
Chairman

25 August 2016

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

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 can 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**.

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 Investments.

F&C Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2016/17 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. It's also easy to transfer any existing ISAs to us whilst maintaining all the tax benefits, and you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Junior ISA (JISA)

You can invest up to £4,080 for the tax year 2016/17 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with F&C or another provider) to an F&C JISA. You can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Child Trust Fund (CTF)

If you already have a CTF you can invest up to £4,080 for the 2016/17 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. It's also easy to transfer a CTF from another provider to an F&C CTF - you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk[1]

F&C Private Investor Plan (PIP)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

F&C Children's Investment Plan (CIP)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) 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 per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

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 and they have access to the money at age 18. Money cannot be withdrawn until the child turns 18.

Annual management charges and other charges 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 charges

ISA: 0.2%
PIP/CIP/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the PIP, CIP and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (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 - you can get more details on any of our Savings Plans by going to www.fandc.co.uk. F&C cannot give advice on the suitability of investing in our investment trusts or savings plans. If you have any doubt as to the suitability of an investment, please contact a financial adviser.

How to Invest

If you're opening a new plan it's easy to apply online by going to www.fandc.com/apply[2]

New Customers

Contact our Team:

Call: **0800 136 420***
Email: **info@fandc.com**

Existing Plan Holders

Contact our Team:

Call: **0345 600 3030****
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

[1] Please note that this account is only available for investors who already hold a CTF, and no new accounts can be opened. [2] Please note that applying online is not available if you are transferring an existing plan with another provider to F&C, or if you are applying for a new plan in more than one name. *8:30am -5:30pm, weekdays. **9:00am-5:00pm, weekdays. All calls may be recorded or monitored for training and quality purposes.

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Douglas Kinloch Anderson, OBE
John Rafferty
David Shaw

Company Secretary

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Bankers

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Company Number

Registered in Scotland No: SC179412

* Chairman of the Management Engagement Committee and the Nomination Committee
† Chairman of the Audit Committee

The Association of Investment Companies

LISTED PRIVATE EQUITY

London Stock Exchange LISTED PREMIUM

F&C Private Equity Trust plc

INTERIM REPORT 30 JUNE 2016

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