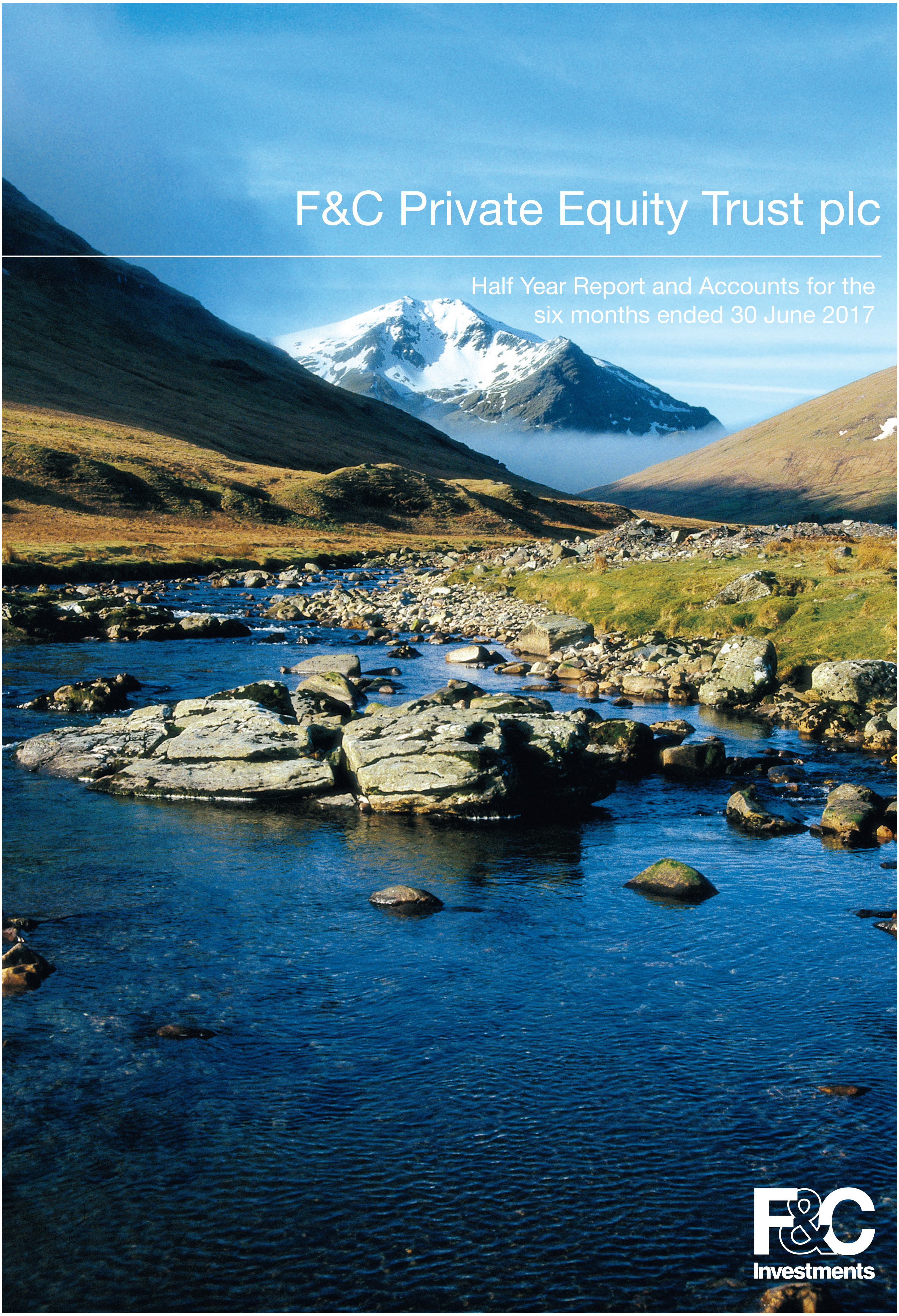
F&C Private Equity Trust plc

Half Year Report and Accounts for the six months ended 30 June 2017



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 quarterly 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 quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid*. All quarterly dividends will be paid as interim dividends. The interim dividends payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December are expected to be paid in the following July, October, January and April respectively.

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 2017

£263.8 million

Capital Structure

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

*Prior to January 2018, the Company will pay semi-annual dividends. Accordingly, until such time as a higher quarterly dividend is paid, the minimum quarterly dividend will be deemed to be 3.46p representing 50 per cent of the highest semi-annual dividend previously paid.

Financial Highlights

18.2%

Share price

- Share price total return for the six months of 18.2 per cent for the Ordinary Shares.

3.5%

NAV total return

- NAV total return for the six months of 3.5 per cent for the Ordinary Shares.

6.92p

Semi-annual dividend

- Semi-annual dividend of 6.92p per Ordinary Share.

4.0%

Annualised dividend

- Annualised dividend yield of 4.0 per cent at the period end.

Summary of Performance

Total Returns for the Period*	30 June 2017	31 December 2016	% change
Net asset value	+3.5%	+23.0%	
Ordinary Share price	+18.2%	+27.8%	
Capital Values			
Net assets (£'000)	263,830	259,523	+1.7
Net asset value per Ordinary Share	356.81p	350.98p	+1.7
Ordinary Share price	342.75p	295.50p	+16.0
Discount to net asset value	3.9%	15.8%	
Income			
Revenue return after taxation (£'000)	(742)	(300)	
Revenue return per Ordinary Share (fully diluted)	(1.01)p	(0.41)p	
Gearing†	-3.2%	-10.0%	
Future commitments (£'000)	126,659	116,822	

* 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

With a net asset value ("NAV") total return for the six-month period ended 30 June 2017 of 3.5%, I am pleased to report a further period of good investment performance for the Company. In addition, with the share price discount having fallen to 3.9% at 30 June 2017 from 15.8% at 31 December 2016, the share price total return for the period is an impressive 18.2%. This compares to a total return of 5.5% for the FTSE All Share Index for the same period. The net assets of the Company at 30 June 2017 were £263.8 million giving a NAV per Ordinary Share of 356.81p.

As at 30 June 2017, the Company had cash of £34.2 million. With borrowings of £25.9 million under the Company's loan facility, net cash was £8.3 million, equivalent to a gearing level of -3.2 per cent. The total of outstanding undrawn commitments at 30 June 2017 was £126.7 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 6.92p per ordinary share, payable on 3 November 2017 to shareholders on the register on 13 October 2017. For illustrative purposes only, this dividend represents an annualised yield of 4.0 per cent based on the share price as at 30 June 2017. 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.

Since 2012 your company has paid a substantial dividend from realised capital profits allowing shareholders to participate, to some degree, directly in the proceeds of the steady stream of private equity realisations which the Company achieves. This policy has been well received by shareholders and we are fully committed to maintaining this general approach for the foreseeable future. One further enhancement which the Board has decided to implement is for the Company to move from a semi-annual dividend to a quarterly dividend. This innovation will act to regularise the flow of income to shareholders for whom this is important.

The level of the annual dividend under the current dividend policy will be maintained and, until such time as a bigger quarterly dividend is paid based on the Company's net asset value, the minimum quarterly dividend will be 3.46p (being 50 per cent of the highest semi-annual dividend previously paid). In order to be able to pay dividends every three months all quarterly dividends will be paid as interim dividends. The quarterly dividends will be payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December and are expected to be paid in the following July, October, January and April respectively. The first quarterly dividend will be in respect of the three months ending 30 September 2017 and is expected to be paid in January 2018. As shareholders will no longer have an opportunity to approve a final dividend at each Annual General Meeting, shareholders will be asked to approve the Company's dividend policy at the AGM.

Your Company has begun the year well with an impressive total of realisations at £26.8 million. New investment either through funds drawing down or co-investments totalled £31.6 million and this is refreshing the portfolio and redeploying the proceeds of realisations building a foundation for future value growth.

Mark Tennant

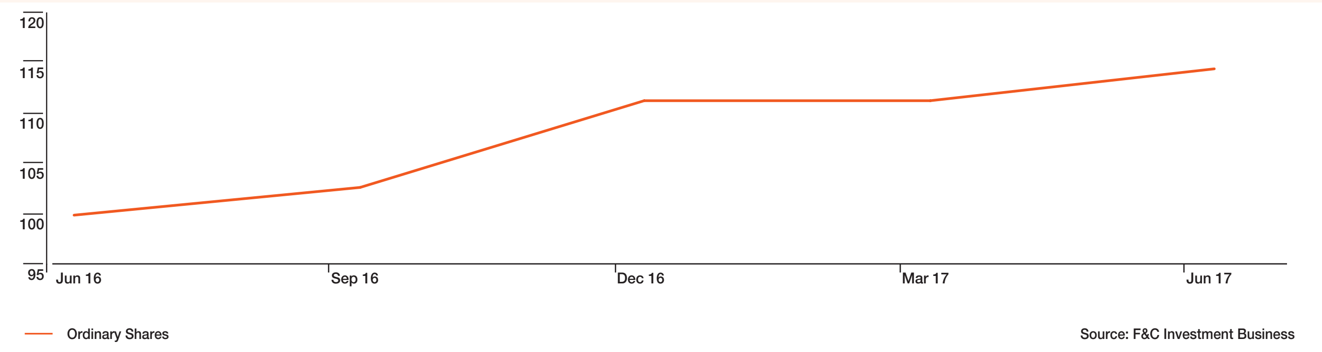
Chairman

24 August 2017

Ordinary Share Performance

For the 12 months to 30 June 2017

F&C Private Equity Trust plc Net Asset Value Total Return for the 12 months ended 30 June 2017



Manager's Review

Introduction

2017 continues the trend of recent years with healthy levels of portfolio turnover and in general good fundamental progress in the trading of underlying companies. Investor confidence is good but there is a background concern, in certain quarters, about the price of some new private equity deals with those who maintain traditional required returns for private equity finding it difficult to be fully competitive. However, the mid-market, in which we invest, is very broad and investors with deal sources which are largely proprietary seem capable of acquiring companies at prices where we are confident that there are excellent prospects of returns commensurate with the substantial risks which private equity naturally entails.

New Investments

In the first half we have made commitments to five new private equity funds. One fund has been added after the end of the period. There have been three new co-investments with one more after the half-year end.

All the new commitments so far this year have been to funds in Europe or North America. After carefully reviewing a large number of opportunities we have augmented our modest but enduring exposure to the US market through two new fund commitments. $6 million has been committed to Graycliff Private Equity Partners III, managed by a team which was formerly part of HSBC's private equity business and which specialises in lower mid-market US buyouts. Secondly we have committed $4 million to Stellex, a US focused fund, which invests in distressed and operational turnaround situations. The team managing this fund were formerly part of the Carlyle Group. We have made one US based co-investment with £4 million ($5 million) invested in Sigma Electric Manufacturing. Headquartered in North Carolina but with most of its manufacturing facilities in India it supplies components and sub-assemblies to the US low voltage electrical products market.

Manager's Review (continued)

We have refreshed our large and important European portfolio with a mixture of new and long established relationships. In the Nordic region, we have committed €6 million to Vaaka III. This fund focuses on mid-market buy-outs in Finland, a distinctive and attractive market. This is the second fund from this manager which we have backed. In France, we have committed €6 million to the leading French mid-market specialist Chequers Capital for their fund XVII. We have invested with Chequers since 2002. After a period of careful review of the Central and Eastern European private equity market we have committed €5 million to ARX CEE IV, a Czech Republic based mid-market investor, which was originally a spin out from DBAG.

Two UK based co-investments have been added. £6.2 million was invested for 62.7% of Weird Fish in a deal led by Total Capital Partners. Weird Fish is a premium life style clothing brand focusing on the 35 – 55 age group in the 'stable and affluent' category. This investment was previously owned by Piper Private Equity who have positioned the company for growth. In the oil services sector we have invested £5 million for 15.9% of TWMA. This Aberdeen based company is involved in drilling waste management services. The company mainly operates offshore where its thermomechanical cylindrical mills extract and separate the oil, water and solid from drill cuttings before reuse or safe discharge into the sea. Using these facilities can make a major contribution towards lowering the overall cost of production for oil companies which remains a key focus for them.

After the quarter end we have committed £6 million to the UK based healthcare specialist fund Apposite Capital II. We have been tracking this management team for some time and after an extensive review of healthcare opportunities across Europe have chosen to back them. In addition to the fund commitment we have co-invested with Apposite in Swanton, a specialist residential care and supported living provider. We have invested £3 million initially for 6.9% (5.9% fully diluted), but as part of the investment thesis is to acquire additional businesses it is likely that our equity commitment will ultimately be up to double this amount. In Swanton we are already acquainted with some of the senior management through a previous successful co-investment in this sector; Lifeways.

The funds in our portfolio have been active making new investments across the breadth of the European mid market. Some of the larger and more recent ones are noted below.

Earlier in the year Agilitas 2015 Private Equity Fund called £0.7 million for Exemplar, a north of England based high acuity nursing care provider. Lyceum Capital III called £0.5 million for Timico, a provider of IT hosting, network connectivity and mobile solutions focused on medium sized companies. Piper Private Equity VI called £0.5 million for Flat Iron Steak Ltd, a restaurant chain.

In the last quarter in the UK August Equity IV called £0.7 million for Genesis Dental, its initial platform of 11 dental practices from which a rollup is planned. FPE II called £0.6 million for the combined acquisition of Maastech and SGL which will create a platform in the digital media workflow automation, video asset management and archiving area. The main customers are broadcasters. In the venture capital area SEP V has called £0.7 million for its first investment in Lovecrafts, an online retailer of crafting materials.

In France Astorg VI has invested £0.8 million in Autoform, a software company with applications in automotive design. In the Nordic region Procuritas V has called £0.4 million for the acquisition of Danish design furniture companies Scandinavian Design International and Sofakompagniet ApS. Procuritas VI has called £0.4 million for investment in DSI, a Danish company which designs and manufactures plate freezers which are used for the rapid freezing of, for example, fish and dog food. In German speaking Europe Capvis IV called £0.4 million for Wer liefert Was, a B2B trading platform.

During the second quarter our US exposure was augmented with the first drawdowns of Graycliff Private Equity Partners III where £1.6 million was invested in the fund's first five companies and Stellex, where £0.8 million was invested in their first three platforms.

The total capital invested through drawdowns from funds and by co-investments in the first six months is £31.6 million.

Realisations

The largest realisation in the first half was the previously announced sale of Park Holidays UK. This Caledonia Investments led deal completed in February and returned £7.6 million, which including earlier distributions, represented 2.8x cost and an IRR of 48%. From the funds there have been a number of notable exits. Stirling Square Capital Partners II's sale of Netherlands based waste container company ESE which was sold to UK listed company RPC returned £3.3 million (2.8x cost, 17% IRR). Chequers Capital XV sold Accelya, a French based IT services provider in the air transport sector to strategic buyer Mercator. The final stage of this sale returned £1.5 million giving a very strong overall result (11.7x cost, 36% IRR). In Italy Progressio II sold Duplomatic, maker of hydraulic valves, pumps and oil pressure activated systems returning £0.8 million (2.3x cost, 25% IRR).

The realisations have continued into the second quarter. There were several small and medium sized exits covering a wide variety of sectors and geographies. Our longstanding holding in the Candover 2005 fund distributed £0.8 million in cash and £0.4 million in shares in Spanish water and amusement parks company Parques Reunidos. These shares will be sold down in due course. This effectively brings to an end the Candover 2005 Fund. Capvis III made a further distribution of £0.7 million as more of its residual holding in Swiss vacuum valves business VAT was sold down. To date this investment has made 5.3x cost with three quarters realised. DBAG V sold FDG, a supplier of non-food consumer goods to French supermarkets, to a French financial buyer. This returned £0.5 million, equivalent to 2.3x cost. Portobello Fund III has exited most of their holding in Vitalia, its elderly care home company, through a sale to CVC, and £0.6 million has been distributed. There were a number of other smaller realisations including the sale of Weird Fish by Piper Private Equity IV where the Company, through Total Capital Partners, was the buyer as noted above. £0.4 million came in from Piper.

Valuation Changes

There were a number of noteworthy changes in valuation over the first half of the year. Our co-investment portfolio has contributed significantly. Avalon, the funeral plans business where Lonsdale Partners are in the lead, has performed well and has been uplifted by £3.8 million based upon a modest multiple of embedded value. Our co-investment in Ambio Holdings, the peptide oriented manufacturer of Active Pharmaceutical Ingredient for the generic and patented drug sector has traded strongly and is uplifted by £2.1 million. There were also uplifts for our co-investments in 3Si (security products) and Collingwood Insurance Group of £0.8 million and £0.2 million respectively.

DBAG V is up by £2.0 million reflecting not only the completed exit of FDG noted above but also the agreed sales of three other holdings. Formel D (documentation and services for the automotive sector) was sold to 3i achieving 5.5x cost. ProXES (process machinery) was sold to Capvis also achieving 5.5x cost. Romaco (packaging machinery for the pharmaceutical industry) has agreed a staged exit to Chinese listed company Truking which will result in a return of 2.4x cost. DBAG VI is up by £0.5 million continuing an extraordinary run of successes for this manager with the agreed sale of school tutoring company Schulerhilfe as the main contributor.

Our new investment in US fund Graycliff Private Equity Partners III comes with an immediate uplift of £0.6 million

Manager's Review (continued)

reflecting the strong trading of its initial portfolio. Blue Point Capital III is up by £0.6 million reflecting strong trading of various holdings and the imminent sale of shoe insole company Ortholite.

There were some downgrades in the first half. The most serious is of £1.7 million for Burgess Marine, the south coast based marine engineering business where the deal is led by RJD Partners. The company's core market of commercial ship repairs has proved difficult, in part, due to competition from east coast yards where there has been a dearth of oil related work and who have deployed their capacity in Burgess' traditional ferry and mainstream commercial markets. The anticipated naval work is also moderately late. A major restructuring facilitated by a refinancing is now underway. There was a downgrade of £0.6 million for Argan Capital, mainly due to a weaker share price of its now listed holding in Swedish assisted living business Humana. Lastly Byron Burger, which has traded weakly, has been the main contributor to a downgrade of £0.3 million for Hutton Collins III.

Financing

The Company ended the half year with a net cash position of £8.3 million. There is ample capacity for new investments and we expect a number of co-investments and a couple of medium sized secondary deals to complete over the next few months. There are a handful of co-investments which look likely to be sold in the short term and this will boost the company's resources. Effectively all of the borrowing facility of £70 million is available. The proportion of co-investments has increased to over 30% for the first time.

Outlook

The first half of the year has been encouraging in that the fundamental performance of companies in the portfolio has been generally good and there remain healthy levels of activity across all our main markets. There is no doubt that experienced private equity managers with mature portfolios are taking advantage of current conditions to secure exits and many of the recently raised private equity funds, aided by a liquid banking sector, as well as trade buyers have facilitated this objective. It is pertinent to question whether in these circumstances it remains possible for private equity managers to find new deals at attractive prices. The perils of buying through a highly competitive auction process are well known to our investment partners and increasingly mid-market players source deals outside auctions through their own carefully created networks. In many of the European countries the private equity market is remarkably deep as the adoption of private equity for financing the growth of smaller and medium sized companies increases and accordingly the new deals entering our portfolio appear to be at historically reasonable prices, as are our new co-investments. Notwithstanding some unpredicted events in the political arena in the developed markets, confidence levels amongst investors and business people remain high. On this basis we expect that the portfolio will deliver more growth for shareholders in the second half of the year.

Hamish Mair
Investment Manager
F&C Investment Business Limited

24 August 2017

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
TDR Capital II	Europe	7,560	2.9
Stirling Square Capital Partners II	Europe	7,136	2.8
Argan Capital	Europe	6,795	2.6
Agilitas 2015 Private Equity Fund	Europe	618	0.2
Total Buyout Funds – Pan European		**22,109**	**8.5**
Buyout Funds – UK			
August Equity Partners II	UK	6,347	2.5
Inflexion 2010	UK	4,375	1.7
Lyceum Capital III	UK	3,463	1.4
Inflexion 2012 Co-Investment Fund	UK	2,708	1.0
August Equity Partners III	UK	2,456	1.0
Inflexion Buyout IV	UK	2,424	1.0
RJD Private Equity II	UK	2,391	1.0
GCP Capital Partners Europe II	UK	2,121	0.8
Dunedin Buyout II	UK	2,066	0.8
Piper Private Equity V	UK	1,922	0.7
RJD Private Equity III	UK	1,880	0.7
FPE II	UK	1,316	0.5
Inflexion Partnership Capital I	UK	1,149	0.4
Primary Capital IV	UK	1,123	0.4
Primary Capital III	UK	1,075	0.4
Equity Harvest Fund	UK	951	0.4
August Equity Partners IV	UK	671	0.3
Piper Private Equity VI	UK	610	0.2
Inflexion Supplemental Fund IV	UK	571	0.2
Primary Capital II	UK	180	0.1
Penta F&C Co-Investment Fund	UK	90	–
Enterprise Plus	UK	90	–
Inflexion Enterprise IV	UK	16	–
RL Private Equity I	UK	7	–
Inflexion 2006	UK	7	–
Total Buyout Funds – UK		**40,009**	**15.5**
Buyout Funds – Continental Europe			
DBAG V	Germany	7,419	2.9
Procuritas Capital IV	Nordic	5,539	2.1
Aliante Equity 3	Italy	4,728	1.8
DBAG VI	Germany	4,656	1.8
N+1 Private Equity II	Spain	4,547	1.8
ILP III	Italy	3,753	1.4
Procuritas Capital V	Nordic	3,311	1.3
Capvis III	DACH	3,232	1.2
PineBridge New Europe II	Central & East Europe	2,845	1.1
Chequers Capital XVI	France	2,786	1.1
Vaaka Partners Buyout Fund II	Nordic	2,723	1.1
Capvis IV	DACH	2,571	1.0
Corpfin Capital IV	Spain	2,491	1.0
Avallon MBO II	Central & East Europe	2,086	0.8
Ciclad 5	France	2,005	0.8
Astorg VI	France	1,965	0.7
Portobello Fund III	Spain	1,850	0.7
Progressio II	Italy	1,730	0.7
Herkules Private Equity III	Nordic	1,574	0.6
Ciclad 4	France	1,353	0.5
Mid-Capital Mezzanine	Italy	1,001	0.4
PM & Partners II	Italy	854	0.3
Bencis Buyout V	Benelux	488	0.2
Procuritas Capital VI	Nordic	470	0.2
Summa I	Norway	401	0.2
Gilde Buyout III	Benelux	252	0.1
Chequers Capital XV	France	249	0.1
DBAG VII	Germany	213	0.1
Chequers Capital	France	153	0.1
Montefiore IV	France	58	–
Vaaka Partners Buyout Fund III	Nordic	40	–
DBAG VIIB	Germany	20	–
Total Buyout Funds – Continental Europe		**67,363**	**26.1**

Portfolio Holdings (continued)

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – USA			
Camden Partners IV	USA	6,048	2.4
Blue Point Capital III	USA	3,991	1.5
Blue Point Capital II	USA	3,674	1.4
HealthpointCapital Partners III	USA	2,868	1.1
Camden Partners III	USA	2,575	1.0
Graycliff Private Equity Partners III	USA	1,795	0.7
Stellex	USA	793	0.3
RCP II	USA	4	–
Total Private Equity Funds – USA		**21,748**	**8.4**
Private Equity Funds – Global			
AIF Capital Asia III	Asia	2,195	0.8
Warburg Pincus IX	Global	955	0.4
PineBridge Global Emerging Markets II	Global	868	0.3
F&C Climate Opportunity Partners	Global	651	0.2
Warburg Pincus VIII	Global	426	0.2
PineBridge Latin America Partners II	Brazil	164	0.1
Total Private Equity Funds – Global		**5,259**	**2.0**
Venture Capital Funds			
SEP III	Europe	2,590	1.0
SEP IV	Europe	2,310	0.9
Pentech II	UK	2,249	0.9
Environmental Technologies Fund	Europe	1,362	0.5
SEP II	Europe	1,150	0.4
Life Sciences Partners III	Europe	952	0.4
Alta Berkeley VI	UK	689	0.3
SEP V	Europe	515	0.2
Total Venture Capital Funds		**11,817**	**4.6**
Mezzanine Funds			
Hutton Collins III	Europe	2,933	1.1
Mezzanine Management IV	Europe	1,198	0.5
Hutton Collins II	Europe	1,104	0.4
Accession Mezzanine II	Central & East Europe	1,068	0.4
Hutton Collins I	Europe	215	0.1
Total Mezzanine Funds		**6,518**	**2.5**
Direct – Quoted			
Parques Reunidos	Europe	446	0.2
Antero	USA	355	0.1
Candover Investments	Europe	190	0.1
Laredo Petroleum	USA	89	–
Other quoted holdings	Global	4	–
Total Direct – Quoted		**1,084**	**0.4**
Secondary Funds			
The Aurora Fund	Europe	3,707	1.4
Total Secondary Funds		**3,707**	**1.4**
Direct – Investments/Co-investments			
Avalon	UK	9,503	3.7
Ambio Holdings	USA	9,063	3.5
Weird Fish	UK	6,200	2.4
3si	Global	5,995	2.3
TWMA	UK	5,000	1.9
Ashtead	Global	4,671	1.8
Sigma	USA	4,619	1.8
Recover Nordic	Nordic	4,329	1.7
Collingwood Insurance Group	UK	4,279	1.7
Harrington Brooks	UK	3,836	1.5
Ticketscript	Europe	3,569	1.4
Calucem	Europe	3,538	1.4
David Phillips	UK	3,522	1.4
Babington	UK	2,643	1.0
Meter Provida	UK	2,070	0.8
Nutrisure	UK	1,921	0.7
Burgess Marine	UK	1,474	0.5
Schaetti	Europe	1,401	0.5
Safran	Nordic	1,131	0.4
Algeco Scotsman	Global	423	0.2
Total Direct – Investments/Co-investments		**79,187**	**30.6**
Total Portfolio		**258,801**	**100.0**

Statement of Comprehensive Income

For the period ended

Notes		Six months ended 30 June 2017 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2016 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2016 (audited) Revenue £'000	Capital £'000	Total £'000
	Income									
	Gains on investments held at fair value	–	14,509	14,509	–	23,983	23,983	–	58,538	58,538
	Exchange losses	–	(761)	(761)	–	(2,928)	(2,928)	–	(3,584)	(3,584)
	Investment income	151	–	151	345	–	345	1,386	–	1,386
	Other income	23	–	23	32	–	32	54	–	54
	Total income	174	13,748	13,922	377	21,055	21,432	1,440	54,954	56,394
	Expenditure									
3	Investment management fee – basic fee	(317)	(951)	(1,268)	(277)	(832)	(1,109)	(582)	(1,745)	(2,327)
3	Investment management fee – performance fee	–	(2,325)	(2,325)	–	(1,331)	(1,331)	–	(2,024)	(2,024)
	Other expenses	(388)	–	(388)	(355)	–	(355)	(739)	–	(739)
	Total expenditure	(705)	(3,276)	(3,981)	(632)	(2,163)	(2,795)	(1,321)	(3,769)	(5,090)
	(Loss)/profit before finance costs and taxation	(531)	10,472	9,941	(255)	18,892	18,637	119	51,185	51,304
4	Finance costs	(211)	(632)	(843)	(206)	(618)	(824)	(419)	(1,257)	(1,676)
	(Loss)/profit before taxation	(742)	9,840	9,098	(461)	18,274	17,813	(300)	49,928	49,628
	Taxation	–	–	–	–	–	–	–	–	–
	(Loss)/profit for period/total comprehensive income	(742)	9,840	9,098	(461)	18,274	17,813	(300)	49,928	49,628
5	**Return per Ordinary Share – Basic**	(1.01)p	13.31p	12.30p	(0.64)p	25.19p	24.55p	(0.41)p	68.16p	67.75p
5	**Return per Ordinary Share – Fully diluted**	(1.01)p	13.31p	12.30p	(0.62)p	24.71p	24.09p	(0.41)p	67.53p	67.12p

The total column is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.

Amounts Recognised as Dividends

	Six months ended 30 June 2017 (unaudited) £'000	Six months ended 30 June 2016 (unaudited) £'000	Year ended 31 December 2016 (audited) £'000
Final Ordinary Share dividend of 5.83p per share for the year ended 31 December 2015	–	4,251	4,251
Interim Ordinary Share dividend of 6.12p per share for the year ended 31 December 2016	–	–	4,525
Final Ordinary Share dividend of 6.48p per share for the year ended 31 December 2016	4,791	–	–
	4,791	4,251	8,776

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

Balance Sheet

As at

Notes		As at 30 June 2017 (unaudited) £'000	As at 30 June 2016 (unaudited) £'000	As at 31 December 2016 (audited) £'000
	Non–current assets			
	Investments at fair value through profit or loss	**258,801**	240,194	239,049
	Current assets			
	Other receivables	**88**	13	26
	Cash and cash equivalents	**34,195**	18,596	48,575
		34,283	18,609	48,601
	Current liabilities			
	Other payables	**(3,342)**	(2,285)	(3,057)
	Net current assets	**30,941**	16,324	45,544
	Total assets less current liabilities	**289,742**	256,518	284,593
	Non–current liabilities			
	Interest-bearing bank loan	**(25,912)**	(24,285)	(25,070)
	Net assets	**263,830**	232,233	259,523
	Equity			
	Called–up ordinary share capital	**739**	739	739
	Share premium account	**2,527**	–	2,527
	Special distributable capital reserve	**15,040**	17,567	15,040
	Special distributable revenue reserve	**31,403**	31,403	31,403
	Capital redemption reserve	**1,335**	1,335	1,335
	Capital reserve	**212,786**	172,025	203,679
	Revenue reserve	**–**	9,164	4,800
	Shareholders' funds	**263,830**	232,233	259,523
6	**Net asset value per Ordinary Share**	**356.81p**	314.08p	350.98p

Statement of Changes in Equity

For the period ended

	Share Capital £'000	Share Premium Account £'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 2017 (unaudited)								
Net assets at 1 January 2017	739	2,527	15,040	31,403	1,335	203,679	4,800	259,523
Profit/(loss) for the period/total comprehensive income	–	–	–	–	–	9,840	(742)	9,098
Dividends paid	–	–	–	–	–	(733)	(4,058)	(4,791)
Net assets at 30 June 2017	**739**	**2,527**	**15,040**	**31,403**	**1,335**	**212,786**	**–**	**263,830**
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
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 year ended 31 December 2016 (audited)								
Net assets at 1 January 2016	720	–	15,040	31,403	1,335	158,002	9,625	216,125
Issue of Ordinary Shares	19	2,527	–	–	–	–	–	2,546
Profit/(loss) for the year/total comprehensive income	–	–	–	–	–	49,928	(300)	49,628
Dividends paid	–	–	–	–	–	(4,251)	(4,525)	(8,776)
Net assets at 31 December 2016	739	2,527	15,040	31,403	1,335	203,679	4,800	259,523

Cash Flow Statement

For the period ended	Six months ended 30 June 2017 (unaudited) £'000	Six months ended 30 June 2016 (unaudited) £'000	Year ended 31 December 2016 (audited) £'000
Operating activities			
Profit before taxation	**9,098**	17,813	49,628
Gains on disposals of investments	**(12,756)**	(4,479)	(33,421)
Increase in holding gains	**(1,753)**	(19,504)	(25,117)
Exchange differences	**761**	2,928	3,584
Interest income	**(23)**	(32)	(54)
Interest received	**23**	32	54
Investment income	**(151)**	(345)	(1,386)
Dividends received	**151**	345	1,386
Finance costs	**843**	824	1,676
(Increase)/decrease in other receivables	**(62)**	13	–
Increase in other payables	**285**	11	778
Net cash outflow from operating activities	**(3,584)**	(2,394)	(2,872)
Investing activities			
Purchases of investments	**(31,622)**	(19,257)	(32,797)
Sales of investments	**26,379**	18,757	67,997
Net cash (outflow)/inflow from investing activities	**(5,243)**	(500)	35,200
Financing activities			
Shares issued	**–**	2,546	2,546
Interest paid	**(735)**	(720)	(1,459)
Equity dividends paid	**(4,791)**	(4,251)	(8,776)
Net cash outflow from financing activities	**(5,526)**	(2,425)	(7,689)
Net (decrease)/increase in cash and cash equivalents	**(14,353)**	(5,319)	24,639
Currency losses	**(27)**	(108)	(87)
Net (decrease)/increase in cash and cash equivalents	**(14,380)**	(5,427)	24,552
Opening cash and cash equivalents	**48,575**	24,023	24,023
Closing cash and cash equivalents	**34,195**	18,596	48,575

Notes to the Accounts

1 The condensed company financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standard ('IFRS') IAS 34 *'Interim Financial Reporting'* and the accounting policies set out in the statutory accounts for the year ended 31 December 2016. 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 2016, which were prepared under full IFRS requirements.

2 Earnings for the six months to 30 June 2017 should not be taken as a guide to the results for the year to 31 December 2017.

3 Investment management fee

	Six months ended 30 June 2017 (unaudited)			Six months ended 30 June 2016 (unaudited)			Year ended 31 December 2016 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – basic fee	**317**	**951**	**1,268**	277	832	1,109	582	1,745	2,327
Investment management fee – performance fee	**–**	**2,325**	**2,325**	–	1,331	1,331	–	2,024	2,024
	317	**3,276**	**3,593**	277	2,163	2,440	582	3,769	4,351

4 Finance costs

	Six months ended 30 June 2017 (unaudited)			Six months ended 30 June 2016 (unaudited)			Year ended 31 December 2016 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on bank loans	**211**	**632**	**843**	206	618	824	419	1,257	1,676

5 The basic return per Ordinary Share is based on a net profit on ordinary activities after taxation of £9,098,000 (30 June 2016 – £17,813,000; 31 December 2016 – £49,628,000) and on 73,941,429 (30 June 2016 – 72,550,643; 31 December 2016 – 73,249,836) 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 £9,098,000 (30 June 2016 – £17,813,000; 31 December 2016 – £49,628,000) and on 73,941,429 (30 June 2016 – 73,941,429; 31 December 2016 – 73,941,429) shares, being the weighted average number of Ordinary Shares in issue during the period after conversion of the Ordinary Share warrants.

During the year ended 31 December 2016, the Company issued 1,959,156 Ordinary Shares of 1p each in the capital of the Company, 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. As at 30 June 2017, no warrants remain in issue (30 June 2016 – nil; 31 December 2016 – nil).

6 The net asset value per Ordinary Share is based on net assets at the period end of £263,830,000 (30 June 2016 – £232,233,000; 31 December 2016 – £259,523,000) and on 73,941,429 (30 June 2016 – 73,941,429; 31 December 2016 – 73,941,429) shares, being the number of Ordinary Shares in issue at the period end.

Notes to the Accounts (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 2017				
Financial assets				
Investments	1,083	–	257,718	258,801
Financial liabilities				
Interest-bearing bank loan	–	(26,405)	–	(26,405)
30 June 2016				
Financial assets				
Investments	231	–	239,963	240,194
Financial liabilities				
Interest-bearing bank loan	–	(24,990)	–	(24,990)
31 December 2016				
Financial assets				
Investments	544	–	238,505	239,049
Financial liabilities				
Interest-bearing bank loan	–	(25,674)	–	(25,674)

There were no transfers between levels in the fair value hierarchy in the period ended 30 June 2017. 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. 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. 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.

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 2017 was 8.0 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (30 June 2016: 7.9 times EBITDA; 31 December 2016: 8.4 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 2017	Weighted average earnings multiple	1x	49,561
30 June 2016	Weighted average earnings multiple	1x	46,147
31 December 2016	Weighted average earnings multiple	1x	43,365

*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 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Balance at beginning of period	**238,505**	215,405	215,405
Purchases	**31,052**	19,257	32,797
Sales	**(25,809)**	(18,757)	(67,997)
Gains on disposal	**12,756**	4,479	33,421
In specie distribution	**(570)**	(88)	(418)
Increase in holding gains	**1,784**	19,667	25,297
Balance at end of period	**257,718**	239,963	238,505

8 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 2017, the Company had outstanding undrawn commitments of £126.7 million. Of this amount, approximately £17.0 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.

9 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 2016 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 2016 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, 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, Strategy and Policies Section of the Annual Report for the year ended 31 December 2016. 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.

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

24 August 2017

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 £20,000 for the 2017/18 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits

F&C Junior ISA (JISA)*

You can invest up to £4,128 for the tax year 2017/18 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

F&C Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,128 for the 2017/18 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to an F&C CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

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.

*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges

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 our savings plans and charges, please read the Key Features and Terms and Conditions of the plan – available on our website **fandc.co.uk**.

How to Invest

To open a new F&C savings plan, apply online at **fandc.com/apply**

Note, this 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.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: **info@fandc.com**

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, TD Direct Investing, The Share Centre**

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please read our Key Features Document before you invest and this can be found on our website **fandc.co.uk**. F&C cannot give advice on the suitability of investing in our investment trust or savings plans. If you have any doubt as to the suitability of an investment, please contact a professional financial adviser.

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F&C Management Limited

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Swantje Conrad (appointed 2 April 2017)
Richard Gray (appointed 23 March 2017)
Douglas Kinloch Anderson, OBE
John Rafferty (retired 25 May 2017)
David Shaw

Company Secretary ‡

F&C Asset Management plc
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
Tel: 0207 628 8000

Alternative Investment Fund Manager ('AIFM') and Investment Manager ‡

F&C Investment Business Limited
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Edinburgh EH3 9EG
Tel: 0207 628 8000

Auditor

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Ten George Street
Edinburgh EH2 2DZ

Broker and Financial Adviser

Cantor Fitzgerald Europe
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Canary Wharf
London E14 5RB

Solicitors

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

Depositary

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Bankers

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

The Royal Bank of Scotland plc
24-25 St Andrew Square
Edinburgh EH2 1AF

Company Number

Registered in Scotland No: SC179412

* Chairman of the Management Engagement Committee and the Nomination Committee
† Chairman of the Audit Committee
‡ Prior to 17 July 2017, the address was 80 George Street, Edinburgh, EH2 3BU.

The Association of Investment Companies

Listed Private Equity

London Stock Exchange LISTED PREMIUM

What Investment Best Alternative Investment Trust 2016

F&C Private Equity Trust plc

INTERIM REPORT 30 JUNE 2017

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Fax: 0131 718 1280

Registrars
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The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300*
Website: www.capitaassetservices.com

‡ Prior to 17 July 2017, the address was 80 George Street, Edinburgh, EH2 3BU.

* Calls to this number cost 12p per minute plus network extras. Callers from outside the UK: +44(0) 208 639 3399

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