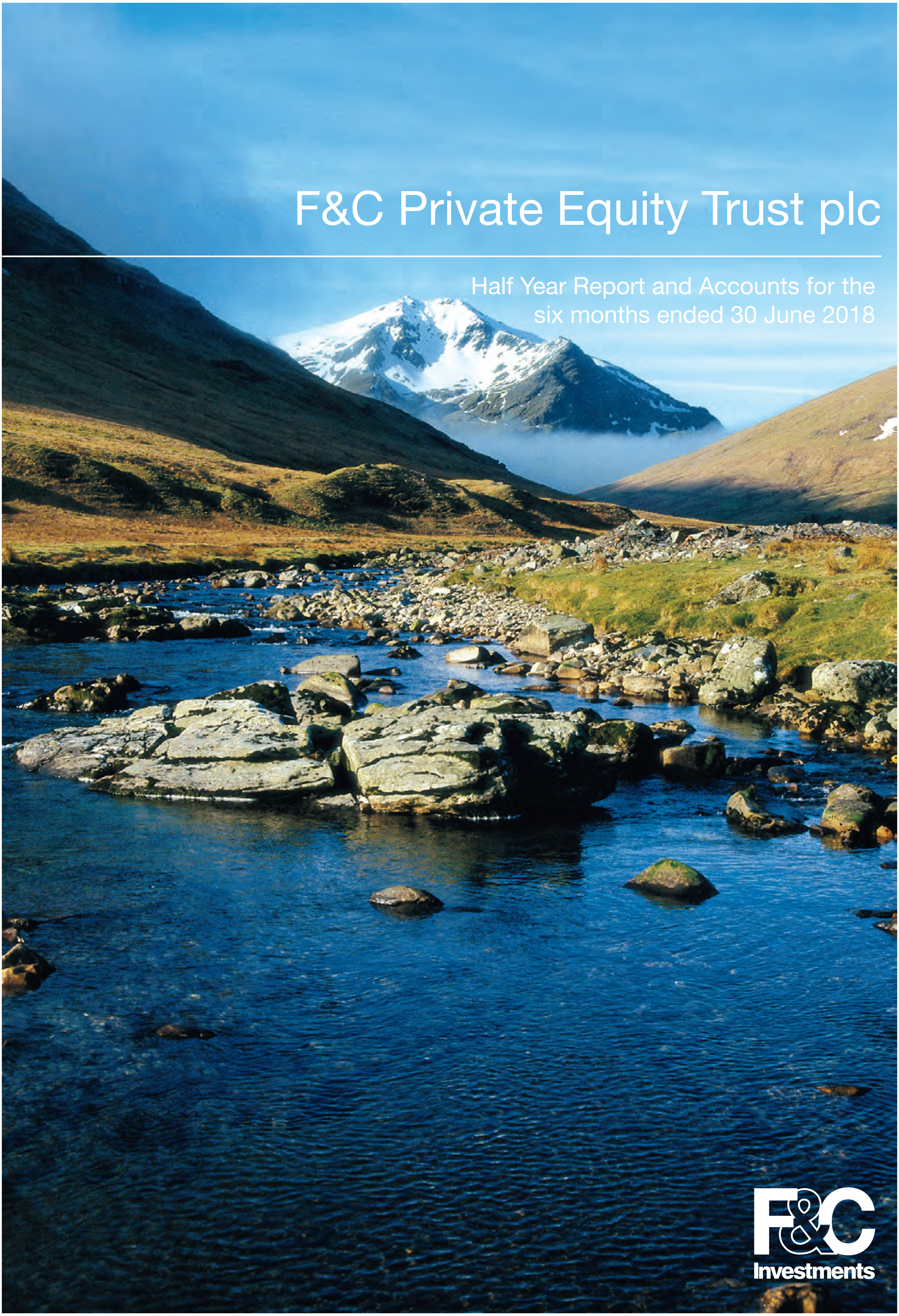
F&C Private Equity Trust plc

Half Year Report and Accounts for the six months ended 30 June 2018



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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 2018

£263.4 million

Capital Structure

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

Financial Highlights

3.6%

Share price

- Share price total return for the six months of 3.6 per cent for the Ordinary Shares.

1.7%

NAV total return

- NAV total return for the six months of 1.7 per cent for the Ordinary Shares.

7.14p

Quarterly dividends

- Total quarterly dividends of 7.14p per Ordinary Share.
  - Quarterly dividend of 3.57p paid on 31 July 2018.
  - Quarterly dividend of 3.57p to be paid on 31 October 2018.

4.2%

Yield

- Dividend yield of 4.2 per cent based on the period end share price.[§]

[§] Calculated as dividends of 3.57p paid on 31 July 2018 and 3.57p payable on 31 October 2018 annualised divided by the Company's share price as at 30 June 2018.

Summary of Performance

Total Returns for the Period*	30 June 2018	31 December 2017	% change
Net asset value	1.7%	+5.6%	
Ordinary Share price	3.6%	+19.2%	
Capital Values			
Net assets (£'000)	263,359	264,144	-0.3
Net asset value per Ordinary Share	356.17p	357.23p	-0.3
Ordinary Share price	344.00p	339.00p	+1.5
Discount to net asset value	3.4%	5.1%	
Income			
Revenue return after taxation (£'000)	(382)	(426)	
Revenue return per Ordinary Share	(0.52)p	(0.58)p	
Gearing†	6.8%	-0.2%	
Future commitments (£'000)	142,401	123,389	

* 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

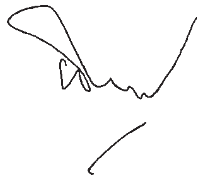
Introduction

As at 30 June 2018 the Net Assets of the Company were £263.4 million, giving a Net Asset Value (NAV) per share of 356.17p. Taking account of dividends paid, the NAV total return for the six-month period was 1.7 per cent. With the discount to NAV per share reducing to 3.4 per cent as at 30 June 2018 in comparison to 5.1 per cent as at 31 December 2017, the share price total return for the six-month period was 3.6 per cent. At the end of the period the Company had cash of £7.0 million. Together with borrowings of £26.3 million under the Company's loan facility, net debt was £19.3 million, equivalent to a gearing level of 6.8 per cent. It is the Company's policy to employ moderate levels of gearing to enhance returns to shareholders. The total of outstanding undrawn commitments at 30 June 2018 was £142.4 million and, of this, approximately £16.7 million is to funds where the investment period has expired.

In accordance with the Company's stated dividend policy, the Board declares a quarterly dividend of 3.57p per ordinary share, payable on 31 October 2018 to shareholders on the register on 5 October 2018. For illustrative purposes only, this dividend and that paid on 31 July 2018 represent an annualised yield of 4.2 per cent based on the share price as at 30 June 2018. 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.

There has been a considerable amount of portfolio activity for the Company in the first half of the year with several new co-investments as well as both primary and secondary fund positions added. The total of new investments is £40.6 million. The flow of realisations continues with £29.9 million coming in during the period.

Your Company has a naturally dynamic portfolio which is essential to maintain excellent exposure to a range of investments across sectors and geographies led by our investment partners.



Mark Tennant

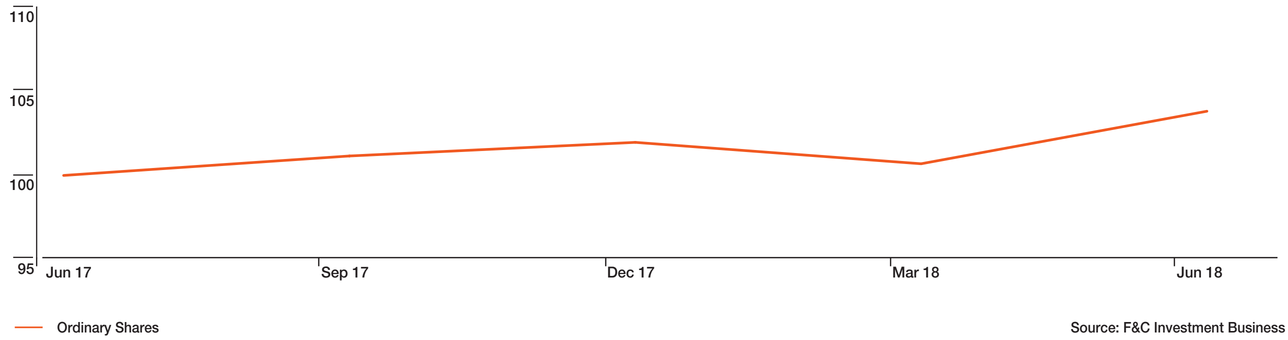
Chairman

24 August 2018

Ordinary Share Performance

For the 12 months to 30 June 2018

F&C Private Equity Trust plc Net Asset Value Total Return for the 12 months ended 30 June 2018



Source: F&C Investment Business

Manager's Review

New Investments

This has been an active first half for new investments with five primary fund commitments, one secondary and five co-investments made. £21.9 million has been invested in co-investments, including add ons, £3.8 million has been invested in secondaries and a further £14.9 million has been drawn by funds giving a total for the first half of £40.6 million. This compares with £31.6 million at the same point in 2017.

In the earlier part of the period new commitments were made to Verdane Edda (£4.3 million), a Nordic fund focusing on technology enabled companies, Apiary Capital Partners I (£5.0 million), a new UK fund focusing on the lower mid-market and Volpi Capital I (£6.2 million), a Northern Europe focused technology enabled growth fund. We also invested in secondary. This fund, NEM Impresse III (£3.8 million), has spun out of the Banco Populare de Vicenza.

More recently two new fund commitments were made to Inflexion Buyout Fund V (£4.0 million) and Inflexion Partnership Capital Fund II (£3.5 million). These funds represent our latest involvement in the highly successful Inflexion franchise. This has been an important relationship for us since 2003, however including all the fund positions and the latest co-investment our exposure to Inflexion is £20.8 million or just over 7 per cent of total investments. The Inflexion Buyout Fund V continues with their focus on lower mid-market buyouts in the UK and the Inflexion Partnership Capital Fund is for minority investments in somewhat larger companies.

Five new co-investments have been added to the portfolio during the first half of the year. The proportion invested in co-investments is now 37.5 per cent, up from 32.5 per cent at the beginning of the year. This proportion has been rising slowly in accordance with the Company's strategy. All these investments are preceded by a considerable period of diligence and preparation and the exact timing of the initial investment depends on a number of factors.

£2.2 million has been invested with another £1.8 million committed to Pet Centar, the Croatia based large format pet store chain. Since the initial investment in April the planned acquisition of the Romania based business

Manager's Review (continued)

Animax has been completed and there has been a drawdown of £1.3 million. Pet Centar is also about to acquire Slovenia based Mr Pet. The Rohatyn Group have completed the management team for the company.

Rosa Mexicano, the 'polished casual' Mexican themed US restaurant chain which has been acquired by hospitality specialists Trispan was added to the portfolio in April with our £3.7 million investment for 13.7% of the company.

A commitment of £4.3 million drawn was made for 16.7% of Jollyes, the UK's number two pet shop chain. This deal led by Kester Capital has some similarities to the Pet Centar investment in that it is also a play on the increased spend on pets, however there is also a strong professionalisation aspect to the investment thesis with a new but highly experienced management team coming in to enhance the UK number two pet shop chain.

Our longstanding link with Inflexion afforded us the opportunity to invest alongside them in North Wales based builders' merchant Huws Gray. This is a minority capital deal where we are investing alongside the Inflexion Partnership Capital Fund. Our share of the company is 1.8 per cent and £4.4 million of the total likely commitment of £6.0 million was invested in May. The investment thesis is that the company, which already has excellent financial metrics, should continue its accumulation of builders' merchants' outlets and small chains in contiguous areas whilst looking to make one or more larger acquisitions over the next three years or so.

The most recent co-investment was for £4.0 million into DMC Canotec, a Lyceum Capital led buyout of one of the UK's leading PMS (Print Managed Solutions) providers. The company is a leading distributor of Canon Photocopiers and associated services. Our investment gives us 7.9 per cent of the company. Contrary to the belief of proponents of the 'paperless office' printed documents continue to grow robustly with the scope for companies to do more of their own printing being enhanced by more advanced printers and services.

In addition to these new deals there was a substantial add on for TWMA, the Aberdeen based oil services company specialising in processing drill cuttings. £2.2 million was called by deal leaders Buckthorn for the acquisition by TWMA of US based Dynamic Oil Field Services. This gives the company a significant bridgehead into the important US onshore market at a competitive price.

Taking all these co-investments together amounts to £21.9 million of additional investment including the TWMA add on.

Drawdowns from the funds has been a relatively modest £14.9 million. The investee companies are as heterogeneous as ever. The most recent significant ones are noted below.

In the UK Apiary Capital Partners I has made its first investment which is The Appointment Group (TAG), which provides travel management services to the global music touring and entertainment industry as well as to the corporate sector. £0.6 million has been called. August Equity Partners IV has called £0.4 million for investment into British Assessment Bureau (BAB) a standards, certification and training provider. FPE Fund II called £0.3 million for project Visante a leading value-added reseller of Microsoft enterprise resource planning software. In other parts of Europe Astorg VI has invested £0.7 million in two companies; HRA Compeed, a French headquartered blister plaster company, and Italy based Surfaces Group which makes abrasive pads for polishing tiles. Montefiore IV has invested £0.4 million in Cruiseline, a Monaco based online travel agent with around 50 per cent of its business originating in France with the other 50 per cent derived internationally. Lastly in North America Blue Point Capital III called £0.5 million for investment in two companies; FM Sylvan is an industrial pipe fabricator and installer as well as a provider, amongst other things, of boiler and turbine contracting services operating from facilities in Michigan, New Jersey, Tennessee and Ontario; Spector is a supplier of promotional pens, booklets and bags headquartered in Montreal.

Realisations

Total realisations in the first half amounted to £29.9 million. This compares with £26.8 million at the same point last year.

Earlier in the year the Company benefitted from some excellent exits from different parts of the portfolio. Notable exits were August Equity II's sale of healthcare company Active Assistance (£3.1 million, 4.7x cost, 28 per cent IRR), Argan Capital's sale of fruit juice company Hortex (£2.1 million, 2.0x cost, 9 per cent IRR) and Procuritas Capital IV's sale of ice cream machine manufacturer GRAM (Green Magnum) (£2.2 million, 6.5x cost, 44 per cent IRR).

Realisations have continued at a healthy pace more recently. The largest realisation of the quarter came from Polish buyout fund Avallon MBO Fund II which has sold its first holding, tissue paper company Velvet to Central Europe Private Equity House Abris. Our share of the proceeds is £1.7 million which represents an excellent return of 13.3x cost and an IRR of 67 per cent. August Equity Partners III recapitalised its veterinary practice chain Vet Partners earlier in the year and the proceeds of that were distributed to us during the quarter. Our share was £1.7 million representing 3.9x cost and including a residual position is 4.9x cost with an IRR of 141% as at 30 June 2018. In Finland Vaaka Partners Buyout Fund II sold IT Consultant Solita to Apax Digital returning £1.6 million, a hugely impressive 10.3x cost and an IRR of 59 per cent. £1.2 million came in from SEP III. This was the final proceeds from the sale of the Ctrip shares which were received as consideration for Skyscanner, a truly superb investment.

There were a number of other European exits. In Italy, machinery hydraulics company Faster has been sold by Capvis IV to a US trade buyer. Our share was £1.0 million which represents 2.8x cost and an IRR of 34 per cent. Progessio II sold adhesives company Industrie Chimiche Forestali (ICF) returning £0.5 million (1.9x cost, IRR 33 per cent). NEM Imprese III returned £0.5 million from the sale of electronic systems company Metafin and industrial plant company Boata. In Spain N+1 Private Equity Fund II sold aerospace and broadcasting company TRYO Group to industrial buyer Sener Aeronautica returning £0.8 million (3.7x cost, IRR 34 per cent). In France Chequers Capital XVI returned £0.6 million from the sale of landscaping service provider Idverde to Core Equity Holdings (2.8x cost, IRR 33 per cent). Ciclad 4 returned £0.6 million from the sale of publishing company Editiabys (0.6x cost) and construction safety equipment company Copac (3.6x cost,19.3 per cent IRR). Back in the UK clothing company Weird Fish repaid some of its loan stock which, including interest, gave us £0.5 million.

As can be seen these small but valuable distributions evidence a highly active market across Europe.

Valuation Changes

The largest valuation change over the period was for the NEM Imprese III portfolio which was up by £2.7 million following a revaluation to the fair market value after having been bought as a secondary at a discount. Weird Fish has made good progress and this co-investment is up by £2.3 million. Actual or pending realisations as well as strong trading have otherwise been the main recent positive influences. These were spread across the portfolio. Argan Capital is up by £0.6 million with the exits of two of its remaining three investments imminent. The exit of Solita noted above contributed to a good uplift of £0.4 million for Vaaka Partners Buyout Fund II. Ciclad 5 is up by £0.4 million mainly due to strong trading of its construction equipment rental business Valeco. Corpfin Capital Fund IV is up by £0.7 million reflecting strong trading of constituent companies. The Italian co-investment in travel company Alpitour, which is also held through ILP III, part of the Italian Portfolio, was sold in July to two of its Italian shareholders, returning a total of £3.0 million (2.0x cost, 37 per cent IRR) giving an uplift of £0.3 million. Recover Nordic, our co-investment in the insurance services market, is trading well and is up by £0.4 million.

There have been some downgrades during the first half. In the most recent quarter there are a few worth highlighting. In the Nordic region Procuritas Capital IV is down by £0.4 million reflecting some loss of momentum by supported living business Olivia. Herkules Private Equity III, a Norway based fund, has also had a weak quarter mainly due to continuing problems with sportswear company Odlo and it is down by £0.4 million. Pentech Fund II is down by £0.4 million reflecting the valuation basis on which

Manager's Review (continued)

FanDuel, the Sports Fantasy betting company has agreed a merger with the US operations of UK Listed PPB which is somewhat below the latest valuation.

Financing

The Company has moved into a modest net debt position as the co-investment programme has meant that deployment of capital has exceeded the flow of distributions temporarily. Current gearing stands at just below 7% with the borrowing facilities being partially utilised. The run rate of realisations suggests that another year of £50m+ is likely (2017: £65.1 million). The recent quarter has been busy for co-investment activity but for the year to date we have made five new co-investments which is broadly in line with our usual rate. We would expect the Company to remain moderately geared by the year end. The borrowing facilities expire next June and we will shortly be commencing discussions about a renewal or replacement facility.

Outlook

From our level of portfolio activity, it is clear that the private equity market is very active across Europe and further afield. The recurrent topic of comment is whether pricing levels, which appear to be high historically, will be sustained and whether this poses a longer-term threat to private equity returns. Price rises of this type are usually self-correcting with the first indicator being a reduction in the volume of deals. There is some evidence that this first stage is happening as deal volumes appear to have peaked last year. The headline price at which deals are done is only part of the picture as increasingly managers make add-on acquisitions to their initial 'platform' investments usually at lower prices bringing their 'in price' down significantly. As we have a portfolio that is well diversified by vintage a buoyant market with plenty of exits usually provides many opportunities for the value created by our investment partners to be crystallised. This is obviously helpful immediately from a financial point of view but also helps us to assess our investment partners implementation of their various investment theses in a very concrete way. The track record of our investment partners is the key determinant of whether we will back them in the first place and will continue to back them. Active market phases provide plenty of reference points for this assessment.

Taking into account the recent and developing exits in our portfolio, as well as the fundamental progress of our investments, we expect that the second half of the year will see further growth in NAV.

Hamish Mair
Investment Manager
F&C Investment Business Limited

24 August 2018

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Stirling Square Capital Partners II	Europe	7,715	2.7
TDR Capital II	Europe	6,543	2.3
Argan Capital	Europe	5,196	1.8
TDR II Annex Fund	Europe	4,206	1.5
Volpi Capital I	Europe	4,124	1.4
Apposite Healthcare Fund II	UK	2,746	1.0
Agilitas 2015 Private Equity Fund	N. Europe	701	0.2
Total Buyout Funds – Pan European		**31,231**	**10.9**
Buyout Funds – UK			
Inflexion 2010 Fund	UK	4,657	1.6
Lyceum Capital III	UK	4,260	1.5
Inflexion Buyout Fund IV	UK	3,727	1.3
Inflexion 2012 Co-Investment Fund	UK	3,241	1.1
Primary Capital IV	UK	2,471	0.9
RJD Private Equity Fund III	UK	2,426	0.8
August Equity Partners IV	UK	2,347	0.8
Dunedin Buyout Fund II	UK	2,265	0.8
GCP Europe II	UK	2,206	0.8
August Equity Partners III	UK	2,112	0.7
August Equity Partners II	UK	2,108	0.7
Inflexion Partnership Capital Fund I	UK	1,989	0.7
Inflexion Supplemental Fund IV	UK	1,565	0.5
Piper Private Equity V	UK	1,563	0.5
Inflexion Enterprise Fund IV	UK	1,172	0.4
FPE Fund II	UK	1,129	0.4
RJD Partners II	UK	1,129	0.4
Piper Private Equity Fund VI	UK	1,080	0.4
Equity Harvest Fund	UK	1,013	0.4
Primary Capital III	UK	655	0.3
Apiary Capital Partners I	UK	616	0.2
Primary Capital II	UK	190	0.1
Penta F&C Co-Investment Fund	UK	90	–
Enterprise Plus	UK	90	–
Inflexion Buyout Fund V	UK	25	–
Inflexion Partnership Capital Fund II	UK	5	–
Total Buyout Funds – UK		**44,131**	**15.3**
Buyout Funds – Continental Europe			
NEM Imprese III	Italy	6,144	2.1
Aliante Equity 3	Italy	5,587	2.0
Corpfin Capital Fund IV	Spain	4,767	1.7
Procuritas Capital V	Nordic	3,963	1.4
DBAG Fund VI	Germany	3,743	1.3
Astorg VI	France	3,441	1.2
ILP III	Italy	2,920	1.0
Capvis III	Europe	2,560	0.9
Ciclad 5	France	2,553	0.9
Capvis IV	Europe	2,517	0.9
N+1 Private Equity Fund II	Spain	2,299	0.8
Portobello Fund III	Spain	2,237	0.8
PineBridge New Europe II	Central & East Europe	2,202	0.8
Procuritas Capital IV	Nordic	2,175	0.8
Chequers Capital XVI	France	2,071	0.7
Vaaka Partners Buyout Fund II	Nordic	2,044	0.7
Summa I	Norway	1,771	0.6
Bencis Buyout Fund V	Benelux	1,548	0.5
Progressio II	Italy	1,507	0.5
Avallon MBO Fund II	Eastern European	1,461	0.5
DBAG VII	DACH	1,148	0.4
DBAG Fund V	Germany	1,123	0.4
Vaaka Partners Buyout Fund III	Nordic	1,040	0.4
Procuritas Capital VI	Nordic	836	0.3
Herkules Private Equity III	Nordic	797	0.3
Montefiore IV	France	742	0.3
Ciclad 4	France	684	0.2
PM & Partners II	Italy	466	0.2
ARX CEE IV	Central & East Europe	389	0.1
Chequers Capital XVII	France	364	0.1
Gilde Buyout Fund III	Benelux	308	0.1
Archimed	Europe	271	0.1
Chequers Capital XV	France	193	0.1
DBAG VIIB	Germany	148	0.1
Total Buyout Funds – Continental Europe		**66,019**	**23.2**

Portfolio Holdings (continued)

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – USA			
Camden Partners IV	USA	3,981	1.4
Blue Point Capital III	USA	3,663	1.3
Blue Point Capital II	USA	3,002	1.0
Graycliff Private Equity Partners III	USA	2,509	0.9
HealthpointCapital Partners III	USA	2,462	0.9
Stellex	USA	1,122	0.4
Camden Partners III	USA	62	–
Total Private Equity Funds – USA		**16,801**	**5.9**
Private Equity Funds – Global			
AIF Capital Asia III	Asia	1,581	0.6
PineBridge GEM II	Global	933	0.3
Warburg Pincus IX	Global	687	0.2
F&C Climate Opportunity Partners	Global	644	0.2
Warburg Pincus VIII	Global	353	0.1
PineBridge Latin America Partners II	Brazil	149	0.1
Total Private Equity Funds – Global		**4,347**	**1.5**
Venture Capital Funds			
SEP V	Europe	1,977	0.7
SEP IV	Europe	1,465	0.5
Pentech Fund II	Europe	1,254	0.5
Environmental Technologies Fund	UK	1,177	0.4
SEP II	Europe	1,031	0.4
SEP III	Europe	1,021	0.4
Alta Berkeley VI	Europe	654	0.2
Life Sciences Partners III	Europe	642	0.2
Total Venture Capital Funds		**9,221**	**3.3**
Mezzanine Funds			
Hutton Collins Capital Partners III	Pan European	1,330	0.5
Hutton Collins II	Europe	1,102	0.4
Accession Mezzanine II	Central & East Europe	743	0.3
Hutton Collins I	Europe	236	0.1
Total Mezzanine Funds		**3,411**	**1.3**
Direct – Quoted			
Parques Reunidos	Europe	375	0.1
Antero	USA	345	0.1
Laredo Petroleum	USA	80	–
Total Direct – Quoted		**800**	**0.2**
Secondary Funds			
The Aurora Fund	Europe	2,510	0.9
Total Secondary Funds		**2,510**	**0.9**
Direct – Investments/Co-investments			
Ambio	USA	17,006	6.0
Avalon	UK	9,190	3.2
TWMA	UK	7,234	2.5
Weird Fish	UK	7,130	2.5
Collingwood Insurance Group	UK	5,930	2.1
Sigma	USA	5,162	1.8
Recover Nordic	Nordic	4,857	1.7
Ashtead	Global	4,811	1.7
Huws Gray	UK	4,415	1.5
Jollyes	Europe	4,350	1.5
Dotmatics	UK	3,999	1.4
Rosa Mexicano	Europe	3,792	1.3
Calucem	Europe	3,118	1.1
Ticketscript	Europe	2,979	1.0
Babington	UK	2,907	1.0
Walkers	UK	2,773	1.0
CETA	UK	2,594	0.9
Tier1 CRM	USA	2,306	0.8
Pet Centar	Europe	2,291	0.8
DMC Canotec	Europe	2,271	0.8
Swanton	UK	1,824	0.6
RGI Group	Europe	1,813	0.6
Safran	Nordic	1,226	0.4
Alpitour	Italy	1,218	0.4
Meter Provida	UK	988	0.3
Schaetti	Europe	962	0.3
Harrington Brooks	UK	653	0.2
TDR Algeco/Scotsman	Europe	82	0.1
Total Direct – Investments/Co-investments		**107,881**	**37.5**
Total Portfolio		**286,352**	**100.0**

Statement of Comprehensive Income

Notes	For the period ended	Six months ended 30 June 2018 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2017 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2017 (audited) Revenue £'000	Capital £'000	Total £'000
	Income									
	Gains on investments held at fair value	**–**	**8,387**	**8,387**	–	14,509	14,509	–	21,216	21,216
	Exchange gains/(losses)	**–**	**98**	**98**	–	(761)	(761)	–	(1,019)	(1,019)
	Investment income	**495**	**–**	**495**	151	–	151	1,422	–	1,422
	Other income	**40**	**–**	**40**	23	–	23	51	–	51
	Total income	**535**	**8,485**	**9,020**	174	13,748	13,922	1,473	20,197	21,670
	Expenditure									
3	Investment management fee – basic fee	**(320)**	**(961)**	**(1,281)**	(317)	(951)	(1,268)	(641)	(1,922)	(2,563)
3	Investment management fee – performance fee	**–**	**(2,032)**	**(2,032)**	–	(2,325)	(2,325)	–	(2,037)	(2,037)
	Other expenses	**(387)**	**–**	**(387)**	(388)	–	(388)	(830)	–	(830)
	Total expenditure	**(707)**	**(2,993)**	**(3,700)**	(705)	(3,276)	(3,981)	(1,471)	(3,959)	(5,430)
	(Loss)/profit before finance costs and taxation	**(172)**	**5,492**	**5,320**	(531)	10,472	9,941	2	16,238	16,240
4	Finance costs	**(210)**	**(631)**	**(841)**	(211)	(632)	(843)	(428)	(1,283)	(1,711)
	(Loss)/profit before taxation	**(382)**	**4,861**	**4,479**	(742)	9,840	9,098	(426)	14,955	14,529
	Taxation	**–**	**–**	**–**	–	–	–	–	–	–
	(Loss)/profit for period/total comprehensive income	**(382)**	**4,861**	**4,479**	(742)	9,840	9,098	(426)	14,955	14,529
5	**Return per Ordinary Share**	**(0.52)p**	**6.58p**	**6.06p**	(1.01)p	13.31p	12.30p	(0.58)p	20.23p	19.65p

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 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Final Ordinary Share dividend of 6.48p per share for the year ended 31 December 2016	**–**	4,791	4,791
Interim Ordinary Share dividend of 6.92p per share for the year ended 31 December 2017	**–**	–	5,117
Quarterly Ordinary Share dividend of 3.55p per share for the year ended 31 December 2017	**2,624**	–	–
Quarterly Ordinary Share dividend of 3.57p per share for the year ended 31 December 2017	**2,640**	–	–
	5,264	4,791	9,908

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

Balance Sheet

Notes	As at	As at 30 June 2018 (unaudited) £'000	As at 30 June 2017 (unaudited) £'000	As at 31 December 2017 (audited) £'000
	Non–current assets			
	Investments at fair value through profit or loss	**286,352**	258,801	266,536
	Current assets			
	Other receivables	**32**	88	232
	Cash and cash equivalents	**7,017**	34,195	26,765
		7,049	34,283	26,997
	Current liabilities			
	Other payables	**(3,726)**	(3,342)	(3,081)
	Net current assets	**3,323**	30,941	23,916
	Total assets less current liabilities	**289,675**	289,742	290,452
	Non–current liabilities			
	Interest-bearing bank loan	**(26,316)**	(25,912)	(26,308)
	Net assets	**263,359**	263,830	264,144
	Equity			
	Called–up ordinary share capital	**739**	739	739
	Share premium account	**2,527**	2,527	2,527
	Special distributable capital reserve	**15,040**	15,040	15,040
	Special distributable revenue reserve	**31,403**	31,403	31,403
	Capital redemption reserve	**1,335**	1,335	1,335
	Capital reserve	**212,697**	212,786	213,100
	Revenue reserve	**(382)**	–	–
	Shareholders' funds	**263,359**	263,830	264,144
6	**Net asset value per Ordinary Share**	**356.17p**	356.81p	357.23p

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 2018 (unaudited)								
Net assets at 1 January 2018	739	2,527	15,040	31,403	1,335	213,100	–	264,144
Profit/(loss) for the period/total comprehensive income	–	–	–	–	–	4,861	(382)	4,479
Dividends paid	–	–	–	–	–	(5,264)	–	(5,264)
Net assets at 30 June 2018	**739**	**2,527**	**15,040**	**31,403**	**1,335**	**212,697**	**(382)**	**263,359**
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 year ended 31 December 2017 (audited)								
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 year/total comprehensive income	–	–	–	–	–	14,955	(426)	14,529
Dividends paid	–	–	–	–	–	(5,534)	(4,374)	(9,908)
Net assets at 31 December 2017	739	2,527	15,040	31,403	1,335	213,100	–	264,144

Cash Flow Statement

For the period ended	Six months ended 30 June 2018 (unaudited) £'000	Six months ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Operating activities			
Profit before taxation	**4,479**	9,098	14,529
Gains on disposals of investments	**(13,525)**	(12,756)	(32,637)
Decrease/(increase) in holding gains	**5,138**	(1,753)	11,421
Exchange differences	**(98)**	761	1,019
Interest income	**(40)**	(23)	(51)
Interest received	**40**	23	51
Investment income	**(495)**	(151)	(1,422)
Dividends received	**495**	151	1,422
Finance costs	**841**	843	1,711
(Increase)/decrease in other receivables	**(6)**	(62)	1
Increase in other payables	**655**	285	26
Net cash outflow from operating activities	**(2,516)**	(3,584)	(3,930)
Investing activities			
Purchases of investments	**(40,528)**	(31,622)	(69,546)
Sales of investments	**29,306**	26,379	63,068
Net cash outflow from investing activities	**(11,222)**	(5,243)	(6,478)
Financing activities			
Shares issued	**–**	–	–
Interest paid	**(743)**	(735)	(1,497)
Equity dividends paid	**(5,264)**	(4,791)	(9,908)
Net cash outflow from financing activities	**(6,007)**	(5,526)	(11,405)
Net decrease in cash and cash equivalents	**(19,745)**	(14,353)	(21,813)
Currency (losses)/gains	**(3)**	(27)	3
Net decrease in cash and cash equivalents	**(19,748)**	(14,380)	(21,810)
Opening cash and cash equivalents	**26,765**	48,575	48,575
Closing cash and cash equivalents	**7,017**	34,195	26,765

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 2017. 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 2017, which were prepared under full IFRS requirements.

2 Earnings for the six months to 30 June 2018 should not be taken as a guide to the results for the year to 31 December 2018.

3 Investment management fee

	Six months ended 30 June 2018 (unaudited)			Six months ended 30 June 2017 (unaudited)			Year ended 31 December 2017 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – basic fee	**320**	**961**	**1,281**	317	951	1,268	641	1,922	2,563
Investment management fee – performance fee	**–**	**2,032**	**2,032**	–	2,325	2,325	–	2,037	2,037
	320	**2,993**	**3,313**	317	3,276	3,593	641	3,959	4,600

4 Finance costs

	Six months ended 30 June 2018 (unaudited)			Six months ended 30 June 2017 (unaudited)			Year ended 31 December 2017 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on bank loans	**210**	**631**	**841**	211	632	843	428	1,283	1,711

5 The return per Ordinary Share is based on a net profit on ordinary activities after taxation of £4,479,000 (30 June 2017 – £9,098,000; 31 December 2017 – £14,529,000) and on 73,941,429 (30 June 2017 – 73,941,429; 31 December 2017 – 73,941,429) shares, being the weighted average number of Ordinary Shares in issue during the period.

6 The net asset value per Ordinary Share is based on net assets at the period end of £263,359,000 (30 June 2017 – £263,830,000; 31 December 2017 – £264,144,000) and on 73,941,429 (30 June 2017 – 73,941,429; 31 December 2017 – 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 2018				
Financial assets				
Investments	800	–	285,552	286,352
Financial liabilities				
Interest-bearing bank loan	–	(26,539)	–	(26,539)
30 June 2017				
Financial assets				
Investments	1,083	–	257,718	258,801
Financial liabilities				
Interest-bearing bank loan	–	(26,405)	–	(26,405)
31 December 2017				
Financial assets				
Investments	956	–	265,580	266,536
Financial liabilities				
Interest-bearing bank loan	–	(26,643)	–	(26,643)

There were no transfers between levels in the fair value hierarchy in the period ended 30 June 2018. 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 2018 was 8.7 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (30 June 2017: 8.0 times EBITDA; 31 December 2017: 8.7 times EBITDA).

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

Period end	Input	Sensitivity used*	Effect on fair value £'000
30 June 2018	Weighted average earnings multiple	1x	52,064
30 June 2017	Weighted average earnings multiple	1x	49,561
31 December 2017	Weighted average earnings multiple	1x	48,287

*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 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Balance at beginning of period	**265,580**	238,505	238,505
Purchases	**40,528**	31,052	69,339
Sales	**(29,099)**	(25,809)	(63,068)
Gains on disposal	**13,525**	12,756	32,637
In specie distribution	**–**	(570)	(570)
Increase in holding gains/(losses)	**(4,982)**	1,784	(11,263)
Balance at end of period	**285,552**	257,718	265,580

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 2018, the Company had outstanding undrawn commitments of £142.4 million. Of this amount, approximately £16.7 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 2017 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 2017 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 2017. 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 2018

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 Link 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 Link 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 Link 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 2018/19 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 £4,260 for the tax year 2018/19 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 £4,260 for the 2018/19 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.

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 ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

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, The Share Centre**

BMO A part of BMO Financial Group

F&C Management Limited

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Swantje Conrad
Richard Gray
Douglas Kinloch Anderson, OBE
David Shaw

Company Secretary

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Broker and Financial Adviser

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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

F&C Private Equity Trust plc

INTERIM REPORT 30 JUNE 2018

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