

January 2010



Peter Ewins
Fund Manager

Trust aims

To secure a high total return by investing in smaller companies worldwide.

Trust highlights

- The largest specialist global smaller companies investment trust.
- Greater inherent growth potential in smaller companies.
- Strong dedicated small company investment team.
- The dividend has risen in each of the last 37 years.

Benchmark

40% Hoare Govett Smaller Companies Index / 60% MSCI World ex-UK Small Cap Index

Average annual return

Average annual return figure over 5 years 10.80%

Standardised performance

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Fund	36.9%	-21.5%	-9.4%	18.3%	45.0%

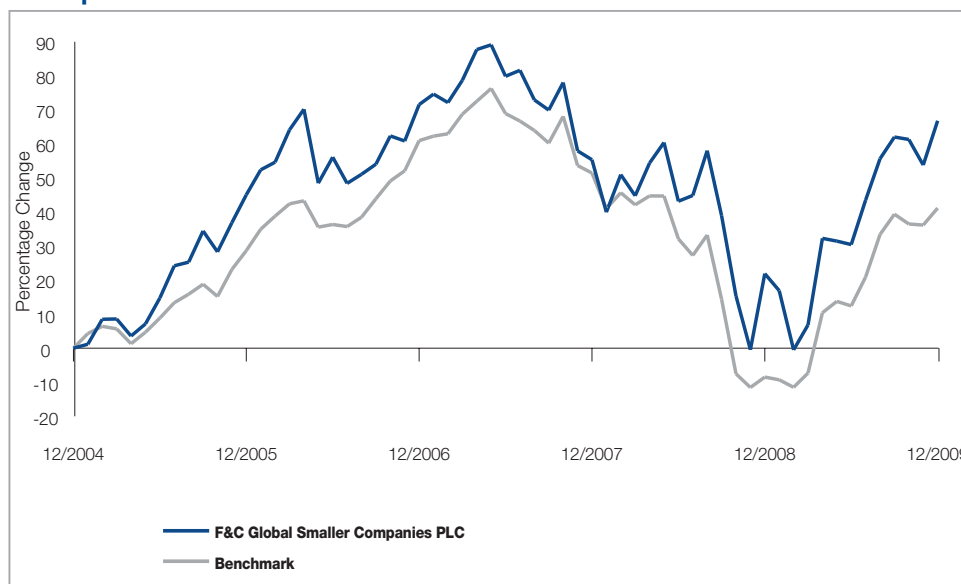
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Fund	8.5%	36.9%	36.9%	-2.8%	66.8%
Benchmark	5.4%	38.0%	38.0%	-1.5%	40.0%

Source: Datastream & Lipper. Basis: share price, percentage growth, bid to bid, net income reinvested. Basis in accordance to the regulations of the FSA.

Past performance is not a guide to future performance. The standardised performance table refers to 12 month periods ending 31 December. The cumulative performance table refers to cumulative periods ending 31.12.2009.

Fund performance



Key details

Fund Type	Investment Trust
Launch Date	1889
Total assets	£192.6 million
Share price	404.00p
NAV	448.65p
Discount/Premium(-/+)	-10.0%
Dividend Payment Dates	Aug, Jan
Net dividend yield	1.2%
Actual gearing**	100.5
Management fee rate***	0.40%
Total expenses	0.95
Year End	30 April
Sector	Global Smaller Companies
Currency	Sterling
Website	www.fandcglobalsmallers.com

Top ten holdings

Holdings	Sector/Country	%
Ishare MSCI Japan Smaller Companies	Financials	3.3%
AXA Rosenberg Japan Small Cap Alpha	Financials	2.2%
Scottish Oriental Smaller Cos Inv Trust	Financials	2.0%
Aberdeen Global Asian Small Cap	Financials	2.0%
Allianz Little Dragons	Financials	1.7%
Australian New Horizons	Financials	1.2%
Utilico Emerging Markets	Financials	1.1%
City of London Investment Group	Financials	1.0%
CLS Holdings	Financials	1.0%
Allegheny Technologies	Basic Materials	1.0%
TOTAL		16.5%

The portfolio obtains exposure to Japanese and Asian markets via a number of collective funds as opposed to individual holdings. These funds are mainly managed by third party fund managers based in the Far East with significant local market expertise. F&C is responsible for selecting the appropriate funds to use for these markets.

F&C Global Smaller Companies PLC

Continued

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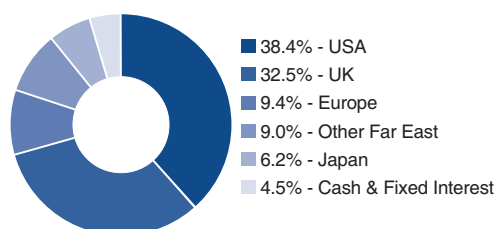
Top ten equity holdings (excluding collective funds)

Holdings	Sector/Country	%
City of London Investment Group	Financials	1.0%
CLS Holdings	Financials	1.0%
Allegheny Technologies	Basic Materials	1.0%
SDL	Technology	0.9%
Hill & Smith Holdings	Industrials	0.8%
Amedisys	Healthcare	0.8%
CRA International	Industrials	0.8%
AMERIGROUP	Healthcare	0.8%
Orbital Sciences	Industrials	0.7%
Pace	Consumer Goods	0.7%
TOTAL		8.5%

Trust codes

Sedol	
F&C GSC - GBP	0017505

Trust geographical breakdown



Manager's commentary

The 2009 year ended positively for equities, with the US market particularly strong in a small cap sense. The NAV was a little ahead of the Benchmark in December, and the share price rose 8% as the discount narrowed.

Relative performance benefited from positive stock selection in Europe, with shares in the Irish based anti-fraud software business Norkom rising strongly. The Japanese collective funds also did better than the FTSE Japan Small Cap index, though returns in this market have remained relatively uninspiring recently. Elsewhere, we were a little behind the local indices in the UK and US. In the former, we were surprised and disappointed to see an accounting error driven profit warning from defence consultancy business Cohort, while in the US, shares in Career Education suffered from regulatory concerns, and United Community Banks continued to be hindered by a weak construction lending environment in Atlanta. Corporate news in general has however tended to surprise on the upside, with retail spending in the UK for example over the Christmas period looking to have been above analyst expectations.

During the month, we took cash out of the UK market, taking us further underweight here, and asset allocation in general made a positive relative contribution, with the underweight in Japan and overweight in Asia helping. Gearing remains low following the strength in the markets over the last few months.

All data as at 31.12.09, unless otherwise stated.

The yield is calculated on an historic basis using the actual dividends paid during the company's last financial year and the closing share price as at the end of the relevant month.

All information is sourced from F&C, unless otherwise stated. All percentages are based on gross assets. * Total assets / shareholders' funds (debt measured at par value). ** (total assets - cash) / shareholders' funds (debt measured at par value). *** Management fee and expenses information as at end of 30 April 2009 and expressed as a percentage of total assets and with effect from 1 May 2006 is based on net assets (debenture at market value). A fee of up to 0.6% p.a. is also applicable dependent on performance against the benchmark. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the 'Key Features' document for the relevant product. Stock market and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment. If markets fall, gearing can magnify the negative impact on performance. The Trust is managed by, and the fact sheet issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Services Authority (FSA). Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895.