

August 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 40 years.

## Benchmark

30% Hoare Govett UK Smaller Companies (excluding investment companies) Index / 70% MSCI all country World ex UK Small Cap Index

## Average annual return

Average annual return figure over 5 years 8.75%

## Key details

Fund Type	Investment Trust
Launch Date	1889
Total assets	£199.3 million
Share price	453.50p
NAV	472.04p
Discount/Premium(-/+)	-3.9%
Dividend Payment Dates	Aug, Jan
Net dividend yield	1.1%
Actual gearing*	98.9
Management fee rate**	0.40%
Total expenses	0.95%
Year end	30 April
Sector	Global Growth
Currency	Sterling
Website	www.fandcglobalsmallers.com

## Standardised performance

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
<b>Fund</b>	31.5%	-0.9%	-20.2%	22.4%	19.5%

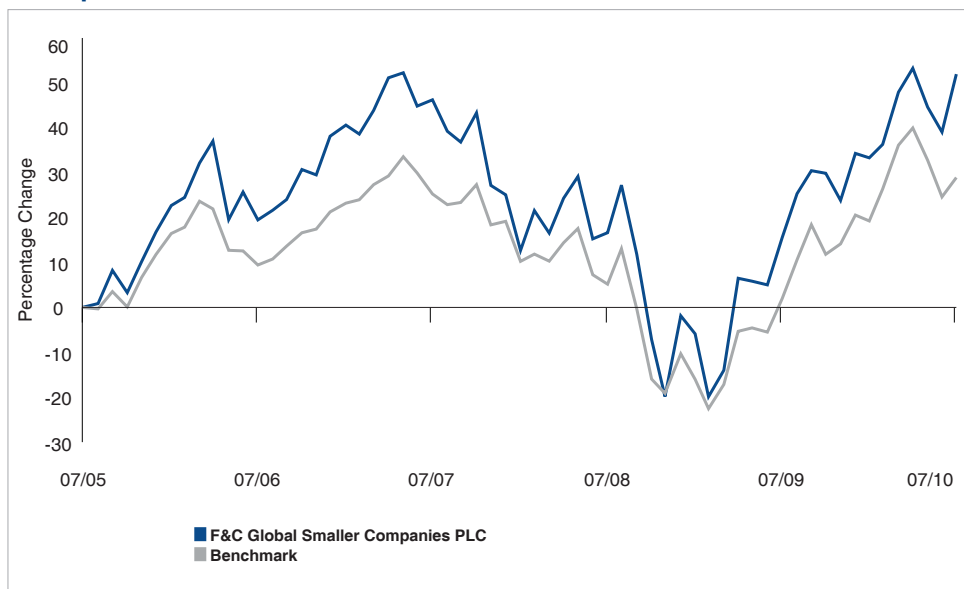
## Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>Fund</b>	9.3%	13.1%	31.5%	3.9%	51.9%
<b>Benchmark</b>	3.5%	6.9%	26.5%	3.9%	28.9%

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 July. The cumulative performance table refers to cumulative periods ending 31.07.2010

## Fund performance



## Top ten holdings

Holdings	Sector/Country	%
Ishare MSCI Japan Smaller Companies	Collective Investments	4.0%
Aberdeen Global Asian Small Cap	Collective Investments	2.3%
Scottish Oriental Smaller Cos Inv Trust	Collective Investments	2.1%
AXA Framlington Japan Smaller Companies Fund	Collective Investments	1.6%
Allianz Little Dragons	Collective Investments	1.6%
Utilico Emerging Markets	Collective Investments	1.2%
Australian New Horizons	Collective Investments	1.2%
SDL	Technology	1.0%
Senior	Industrials	0.9%
Brush Engineered Materials	Basic Materials	0.9%
<b>Total</b>		<b>16.8%</b>

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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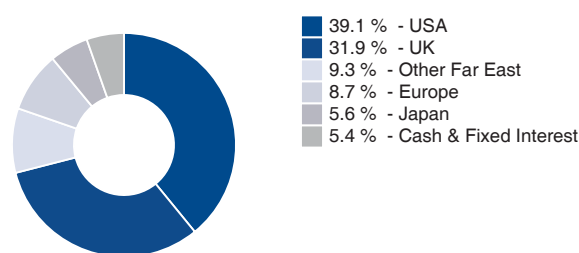
### Top ten equity holdings (excluding collective funds)

Holdings	Sector/Country	%
SDL	Technology	1.0%
Senior	Industrials	0.9%
Brush Engineered Materials	Basic Materials	0.9%
CLS Holdings	Financials	0.9%
The Andersons	Consumer Goods	0.8%
HCC Insurance	Financials	0.8%
Quanta Services	Industrials	0.8%
Horizon Lines	Industrials	0.8%
CapitalSource	Financials	0.8%
Genesee & Wyoming "A"	Industrials	0.8%
<b>Total</b>		<b>8.4%</b>

### Trust codes

Sedol	
F&C GSC - GBP	0017505

### Trust geographical breakdown



### Manager's commentary

Stock markets rallied in July after two weak months. European small caps delivered the best returns in sterling terms, as concerns about the fiscal position of the struggling euro-zone countries were put aside at least temporarily. With economic data from the US signalling a slowing in the pace of recovery, US small caps were under a little pressure though they still posted modest gains. The NAV was behind the Benchmark in the month, but more positively there was a significant narrowing in the discount, with the Company's share price rising by 9.3%.

In relative terms it was a tough month in most parts of the world. In the US, home nursing operator Amedisys fell after announcing weak numbers, while United Community Banks suffered from its exposure to construction and development loans. We were also behind the local small cap index in Europe, with Italian rail systems business Ansaldo falling back after its results, and we also lost out in relative terms by being underweight in banks, which bounced strongly. The UK portfolio was also behind as we did not hold several stocks which received takeover approaches. Performance in Asia and Japan however, was better in relative terms, with the investment in the Scottish Oriental Smaller Companies investment trust continuing to do well in the Asian portfolio.

We took money out of the markets into the recovery during the month, with net sales focused mainly on the UK. Late in the month however, we added to the US portfolio following the underperformance referred to above. At this stage, the slowdown in growth in the US is not a major cause for alarm coming as it does after a strong period, but when combined with a likely moderation in growth in the UK and Europe stemming from fiscal austerity plans, the outlook for corporate earnings growth is probably deteriorating, so the fund remains un-g geared at this stage.

All data as at 31.07.10 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 - cash and fixed interest) / shareholders' funds. \*\*Total expenses and management fee information as at end of 30 April 2010 based on net assets (debenture at market value). The fee could be made up to 1% p.a. 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.