

January 2010



Robert Siddles
Fund Manager

Trust aims

To achieve long-term capital growth by investing in a diversified portfolio of quoted US smaller and medium-sized companies.

Trust highlights

- Invests in companies with market capitalisation from \$100 million to \$3 billion.
- The focus is on absolute and relative performance.

Benchmark

Russell 2000 Index

Average annual return

Average annual return figure over 5 years 6.45%

Standardised performance

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Fund	22.8%	-7.2%	-5.9%	-3.6%	32.2%

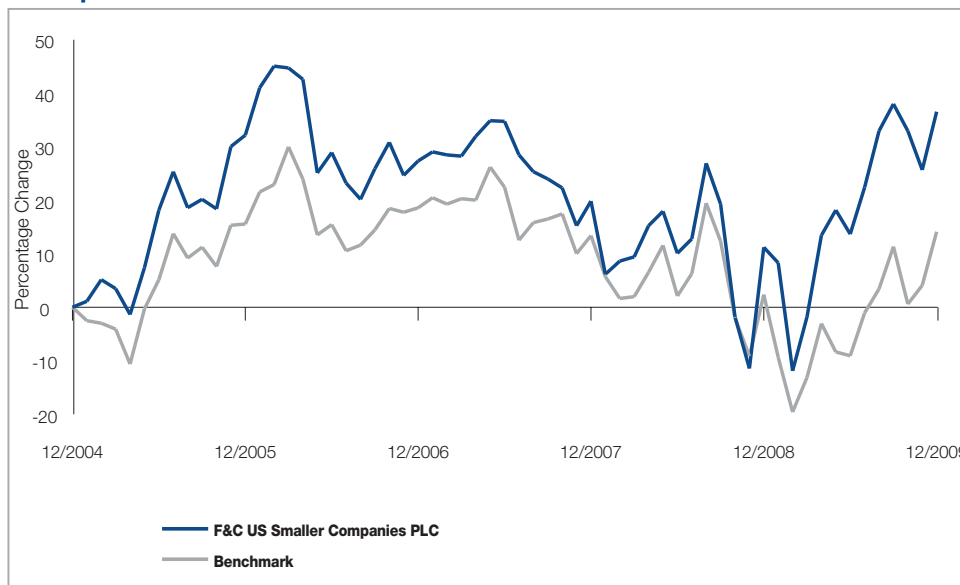
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Fund	8.7%	22.8%	22.8%	7.2%	36.5%
Benchmark	9.6%	11.5%	11.5%	-3.8%	14.1%

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	1993
Total assets	£73.4 million
Share price	304.50p
NAV	354.84p
Discount/Premium(-/+)	-14.2%
Dividend Payment Dates	N/a
Net dividend yield	0.0%
Actual gearing**	98.0
Management fee rate***	0.80%
Total expenses	1.05%
Year End	30 Jun
Sector	North American Smaller Companies
Currency	Sterling
Website	www.fandcussmallers.com

Top ten holdings

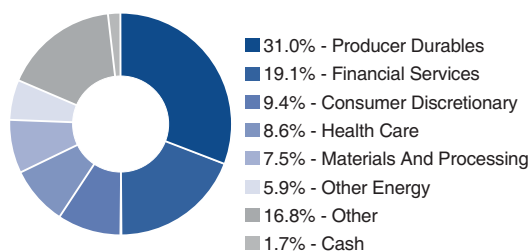
Holdings	Sector/Country	%
Allegheny Technologies	Materials & Processing	2.4%
Amedisys	Healthcare	2.1%
CRA International	Producer Durables	2.0%
AMERIGROUP	Healthcare	1.9%
Orbital Sciences	Producer Durables	1.9%
Astec Industries	Producer Durables	1.9%
Actuant "A"	Producer Durables	1.8%
FLIR Systems	Technology	1.8%
Career Education	Consumer Discretionary	1.8%
GATX	Producer Durables	1.8%
TOTAL		19.4%

F&C US Smaller Companies PLC

Continued

January 2010

Trust sector breakdown



Manager's commentary

Smaller companies rallied in December, with the Russell 2000 Index rising 7.9%, more than the major indices: the Dow Jones Industrials Index added 0.8% and the Standard and Poor's 500 Index moved up 1.8%. The technology oriented NASDAQ Composite Index, strengthened by 5.8%. The US dollar appreciated 1.6% against sterling.

The best performing sectors in the Russell 2000 were energy, technology and producer durables. The laggards were financial services, materials and processing and consumer staples.

The portfolio slightly underperformed in December. The best contributions came from Allegheny Technologies (a specialty metals producer) and Amedisys (a provider of home health care services), the former benefiting from management raising earnings guidance and the latter from short covering. On the negative side, Career Education suffered from regulatory concerns and United Community Banks continued to be hindered by a weak construction lending environment in Atlanta.

The background for stocks remains positive: monetary accommodation remains in place and economic prospects are improving, however against this sentiment may have moved too far ahead. Smaller companies rebounded in December after lagging earlier in the final quarter of 2009. The case for the asset class is strong: small companies lead in a recovery and do best when inflation increases.

All figures are in US dollars unless otherwise stated.

Source: Bloomberg

Trust codes

Sedol

F&C USC - GBP

0346340

All data as at 31.12.09. unless otherwise stated.

All information sourced from F&C, unless otherwise stated. All percentages are based on gross assets. * Total assets / shareholders' funds. ** (total assets - cash) / shareholders' funds. *** Management fee and expenses information as at end of June 2007 and expressed as a percentage of total assets. 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 fact sheet is 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.