

January 2012



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 8.51%

Key details

Fund Type	Investment Trust
Launch Date	1993
Total assets	£94.0 million
Share price	427.13p
NAV	453.88p
Discount/Premium(-/+)	-5.9%
Dividend Payment Dates	N/a
Net dividend yield	0.0%
Actual gearing*	98.0
Management fee rate**	0.80%
Total expenses	1.12%
Year end	30 Jun
Sector	North American Smaller Companies
Currency	Sterling
Website	www.fandcussmallers.com

Standardised performance

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Shareprice	0.4%	39.7%	22.8%	-7.2%	-5.9%

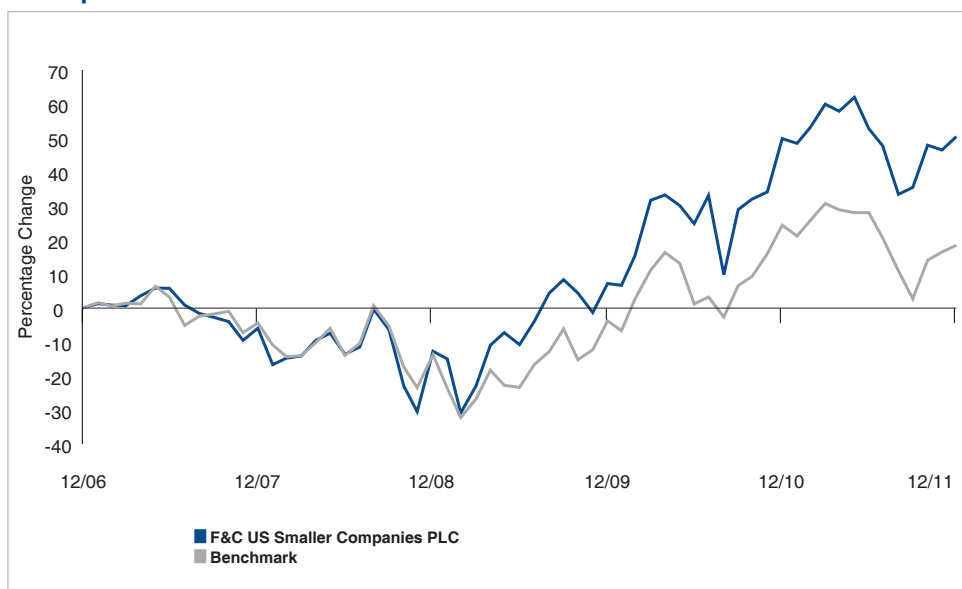
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Shareprice	2.7%	0.4%	0.4%	72.2%	50.4%
Benchmark	1.7%	-4.8%	-4.8%	37.2%	18.5%

Source: 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 31.12.2011

Fund performance



Top ten holdings

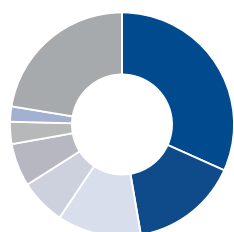
Holdings	Sector/Country	%
Airgas	Materials & Processing	2.8
America's Car-Mart	Consumer Discretionary	2.8
Conn's	Consumer Discretionary	2.5
SBA Communications	Technology	2.5
Simpson Manufacturing	Materials & Processing	2.4
Sanderson Farms	Consumer Staples	2.4
Mohawk Industries	Consumer Discretionary	2.3
Atlantic Tele-Network	Utilities	2.3
Pool	Consumer Discretionary	2.2
Granite Construction	Producer Durables	2.2
Total		24.4

F&C US Smaller Companies PLC

Continued

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Trust sector breakdown



31.7 %	- Producer Durables
15.6 %	- Consumer Discretionary
12.1 %	- Financial Services
6.6 %	- Materials And Processing
6.2 %	- Health Care
3.2 %	- Energy
2.2 %	- Cash
22.4 %	- Other

Manager's commentary

Smaller companies rose in December. The Russell 2000 Index climbed 0.5% whilst the Dow Jones Industrials and the Standard & Poor's 500 indices moved up 0.9% and 1.4% respectively. The technology oriented NASDAQ Composite Index dropped 0.6%. The US dollar strengthened 1.2% against sterling.

The best performing sectors in the Russell 2000 were financial services, consumer staples and utilities. The poorest performers were energy, materials and processing and technology.

The portfolio underperformed slightly in December. Rex Energy (oil and gas exploration and production) and Atlantic Tele-Network (a telecommunications provider to rural locations) suffered from profit taking. Harvard Bioscience (a developer of apparatus for the biotechnology industry) drifted lower because of economic concerns in Europe. On the positive side shares in Universal Truckload Services (an asset light transportation services company) rallied after short interest appeared to decline and America's Car-Mart (a used car dealer) shares continued to advance after strong results.

There is significant investor concern about recession and the potential for a European meltdown. The key US indicators still show slow expansion but the pace improved further in December. A background of a low dollar and interest rates is likely to promote US growth in time and the market should respond accordingly.

All figures are in US dollars unless otherwise stated.
Source: Bloomberg

Trust codes

Sedol	
F&C USC - GBP	0346340

All data as at 31.12.11 unless otherwise stated.

All information 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 June 2010 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.