

August 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 6.25%

## Standardised performance

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
<b>Fund</b>	38.5%	8.6%	-12.2%	4.3%	-1.7%

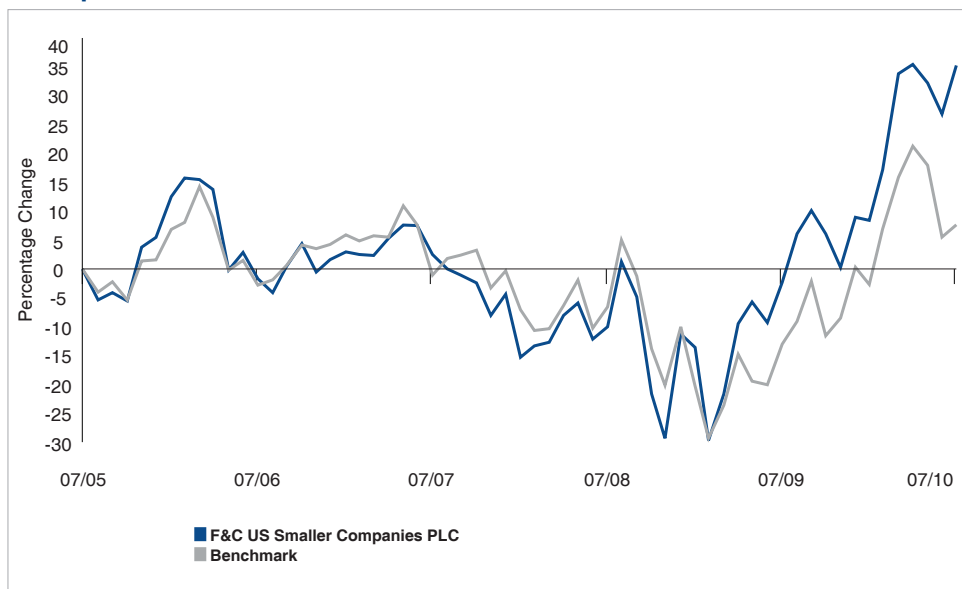
## Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>Fund</b>	6.6%	24.1%	38.5%	31.9%	35.2%
<b>Benchmark</b>	2.0%	7.3%	23.8%	8.8%	7.6%

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



## Key details

Fund Type	Investment Trust
Launch Date	1993
Total assets	£77.1 million
Share price	378.00p
NAV	372.28p
Discount/Premium(-/+)	1.5%
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.fandcusmallers.com

## Top ten holdings

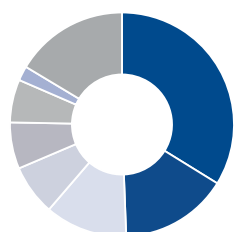
Holdings	Sector/Country	%
<b>Brush Engineered Materials</b>	Materials and Processing	2.2%
<b>HCC Insurance Holdings</b>	Financial Services	2.1%
<b>The Andersons</b>	Consumer Staples	2.1%
<b>Quanta Services</b>	Producer Durables	2.0%
<b>Horizon Lines</b>	Producer Durables	2.0%
<b>CapitalSource</b>	Financial Services	2.0%
<b>Roper Industries</b>	Producer Durables	1.9%
<b>Mohawk Industries</b>	Consumer Discretionary	1.9%
<b>Genesee &amp; Wyoming "A"</b>	Producer Durables	1.9%
<b>Viasat</b>	Technology	1.9%
<b>Total</b>		<b>20.0%</b>

# F&C US Smaller Companies PLC

Continued

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## Trust sector breakdown



33.8 %	- Producer Durables
15.6 %	- Financial Services
11.9 %	- Energy
7.3 %	- Materials And Processing
6.7 %	- Health Care
6.2 %	- Consumer Discretionary
2.1 %	- Cash
16.4 %	- Other

## Manager's commentary

The market rallied in July, with the Russell 2000 Index climbing 6.8%. The Dow Jones Industrials Index ascended 7.1% and the Standard and Poor's 500 Index rose 6.9%. The technology oriented NASDAQ Composite Index moved up 6.9%. The US dollar weakened 4.7% against sterling.

The best performing sectors in the Russell 2000 were energy, materials and processing and producer durables. The poorest performers were health care, financial services and consumer staples.

The portfolio underperformed the benchmark in July. Amedisys (home nursing) pre announced disappointing earnings, United Community Banks suffered from its exposure to construction and development loans and Helix Energy Solutions Group (a deep water marine contractor for the energy industry) suffered from a moratorium on deepwater exploration in the Gulf of Mexico. On the positive side, Intrepid Potash (a potash producer) benefitted from improved sentiment towards fertiliser companies and Brush Engineered Materials (a specialty materials producer) produced good results.

Having reached extreme levels a month ago, fears about global growth have eased. Investors should begin to refocus on the fundamentals, namely a strong manufacturing recovery in the US and continued growth in China, which should benefit the smaller companies sector.

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

## Trust codes

Sedol	
F&C USC - GBP	0346340

All data as at 31.07.10 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 2009 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.