

February 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 6.10%

Standardised performance

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Fund	25.5%	2.0%	-17.7%	-8.5%	39.5%

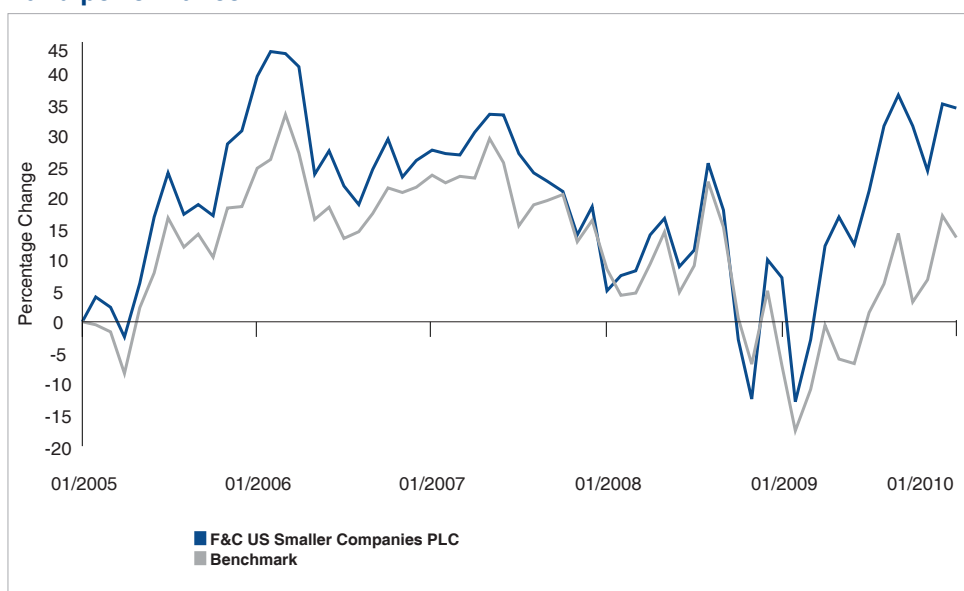
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Fund	-0.5%	-0.5%	25.5%	5.3%	34.4%
Benchmark	-3.0%	-3.0%	22.1%	-8.1%	13.6%

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 January. The cumulative performance table refers to cumulative periods ending 31.01.2010

Fund performance



Key details

Fund Type	Investment Trust
Launch Date	1993
Total assets	£71.3 million
Share price	303.00p
NAV	344.11p
Discount/Premium(-/+)	11.9%
Dividend Payment Dates	N/a
Net dividend yield	0.0%
Actual gearing**	96.8
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	%
CRA International	Producer Durables	2.0%
Premiere Global Services	Utilities	1.9%
The Andersons	Consumer staples	1.9%
AMERIGROUP	Healthcare	1.9%
Alleghany	Financial Services	1.9%
Sanderson Farms	Consumer staples	1.8%
Cardinal Financial	Financial Services	1.8%
Prestige Brands	Healthcare	1.8%
Global Industries	Other energy	1.8%
United Community Banks	Financial Services	1.8%
Total		18.6%

F&C US Smaller Companies PLC

Continued

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Trust sector breakdown



29.9 %	- Producer Durables
20.1 %	- Financial Services
9.0 %	- Consumer Discretionary
8.2 %	- Health Care
6.8 %	- Materials And Processing
6.0 %	- Other Energy
3.2 %	- Cash
16.8 %	- Other

Manager's commentary

Smaller companies retreated in January, with the Russell 2000 Index falling 3.7%. The Dow Jones Industrials Index fell 3.5% and the Standard and Poor's 500 Index dropped 3.7%. The technology oriented NASDAQ Composite Index slid 5.4%. The US dollar appreciated 0.8% against sterling.

The best performing sectors in the Russell 2000 were financial services, health care and consumer discretionary. The laggards were materials and processing, technology and utilities.

The portfolio slightly underperformed in January. United Community Banks and CapitalSource gained from improved investor sentiment towards financials and Amedisys (home nursing) rallied after high profile additions to its management team. Horizon Lines (Jones Act shipping) suffered from a cut in its dividend and Big 5 Sporting Goods released disappointing earnings guidance.

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. 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 31.01.10 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.