F&C Private Equity Trust plc

Annual Report and Accounts

2008

F&C Investments

Company Summary

The Company

The Company was launched in March 1999 as part of the reorganisation of The Scottish Eastern Investment Trust plc with the objective of managing the private equity investments formerly held by The Scottish Eastern Investment Trust plc so as to realise those assets and return cash to shareholders.

In August 2001, the Company was reorganised and shareholders were given the opportunity to convert all or part of their existing ordinary shares into A shares (now renamed Restricted Voting shares) and B shares (now renamed Ordinary shares) as outlined below.

In August 2005, Shareholders approved a change of company name from Martin Currie Capital Return Trust plc to F&C Private Equity Trust plc and the Company issued 49,758,449 C Shares following the acquisition of Discovery Trust plc and a subscription of £20 million by Friends Provident. The C shares subsequently converted into Ordinary shares.

Objective and Investment Policy

The Ordinary shares' objective is to achieve long-term capital growth through investment in private equity assets.

The Restricted Voting shares' objective is to manage the existing assets and to realise the value of those assets in a tax efficient manner and return capital to shareholders.

The Company's investment policy is contained within the Business Review on pages 14 to 16.

Management

The Board has appointed F&C Investment Business Limited as investment manager under a contract terminable by either party giving to the other not less than six months' notice. Further details of the management contract are provided in Note 4 to the accounts on page 33.

Net assets as at 31 December 2008

£165.6 million

Shareholders' funds as at 31 December 2008

Ordinary shares £159.9 million

Restricted Voting shares £5.7 million

Market capitalisation as at 31 December 2008

Ordinary shares £54.6 million

Restricted Voting shares £4.7 million

Capital structure

72,282,273 Ordinary shares of 1 pence, each entitled to 1 vote at a general meeting; and

67,084,807 Restricted Voting shares of 1 pence.

Front cover: Ben Lui by Derek Sime

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The Association of Investment Companies

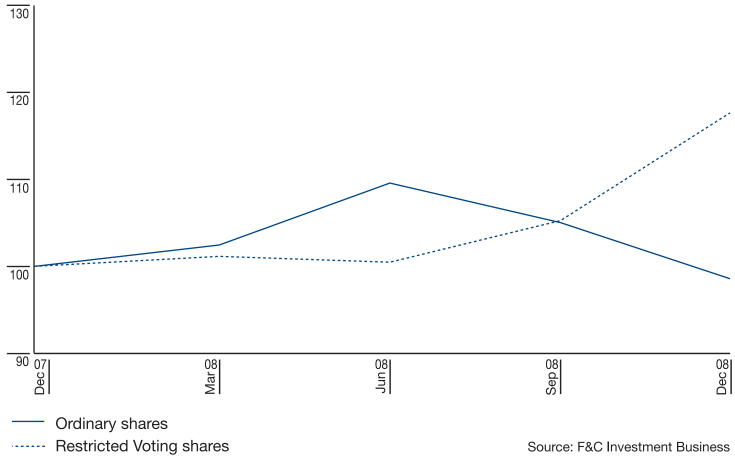
If you have sold or otherwise transferred all of your shares in F&C Private Equity Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Financial Highlights for the year to 31 December 2008

- NAV total return for the year of –4.8 per cent for the Ordinary shares benefiting from significant currency gains; ∅
- NAV total return for the year of 14.5 per cent for the Restricted Voting shares;
- Portfolio valued at 6.3x EV : EBITDA;
- Ordinary share interim dividend of 0.5 pence paid;
- Restricted Voting share dividends of 2.0 pence paid and declared;

∅ Based on fully diluted NAV

F&C Private Equity Trust Net Asset Value Total Return for the year ended 31 December 2008



Source: F&C Investment Business

Performance Summary

	31 December 2008	31 December 2007	% change
Net Asset Value			
Net assets (£'000)	**165,571**	198,908	–16.8
Net asset value per:			
Ordinary share (Fully diluted)	**218.74p**	231.08p	–5.3
Restricted Voting share	**8.53p**	44.56p	–80.9
Market Price			
Ordinary share	**75.50p**	187.00p	–59.6
Restricted Voting share	**7.00p**	48.50p	–85.6
Discount/(Premium):			
Ordinary share	**65.5%**	19.1%	
Restricted Voting share	**17.9%**	(8.8%)	
Income			
Revenue return after taxation (£'000)	**748**	1,392	–46.3
Revenue return per:			
Ordinary share (Fully diluted)	**0.64p**	0.60p	+6.7
Restricted Voting share	**0.41p**	1.34p	–69.4
Dividend per:			
Ordinary share	**0.50p**	0.60p	
Restricted Voting share	**2.00p**	1.35p	
Annualised Total Expenses			
As a percentage of shareholders' funds	**1.3%**	1.7%	
Gearing†	**14.7%**	–	

	2008 Ordinary Shares	2008 Restricted Voting Shares
Portfolio Summary		
Shareholders' funds (£'000)	**159,851**	**5,720**
Future commitments (£'000)	**158,344**	**13**
Total Returns for the year*		
Net asset value (Fully diluted)	**–4.8**	**14.5**
Share price	**–59.2**	**–51.9**

* Total return is the combined effect of any dividends paid, together with the rise or fall in the net asset value or share price. Any dividends are assumed to have been re-invested in either the Company's assets or in additional shares.

† Borrowing less cash ÷ total assets.

Sources: F&C Investment Business, AIC and Datastream

Portfolio Summary

Portfolio Distribution

As at 31 December 2008

	% of Ordinary Pool 2008	% of Restricted Voting Pool 2008	% of Company Total 2008	% of Company Total 2007
Buyout Funds – Pan European*	**13.5**	**3.2**	**13.3**	12.1
Buyout Funds – UK	**17.4**	**14.0**	**17.3**	15.8
Buyout Funds – Continental Europe†	**12.9**	**1.5**	**12.7**	9.0
Private Equity Funds – USA	**5.6**	**7.9**	**5.7**	4.6
Private Equity Funds – Global	**8.4**	**–**	**8.2**	6.3
Venture Capital Funds	**6.9**	**0.8**	**6.7**	4.8
Mezzanine Funds	**14.7**	**71.9**	**16.0**	11.5
Direct Quoted	**0.7**	**0.7**	**0.7**	1.6
Direct Investments/Co-Investments	**19.9**	**–**	**19.4**	13.1
UK Gilts	**–**	**–**	**–**	21.1
AiM Holdings	**–**	**–**	**–**	0.1
	100.0	**100.0**	**100.0**	100.0

*Europe including the UK.
†Europe excluding the UK.

Largest Holdings

As at 31 December 2008

	Ordinary Pool Valuation £'000	% of Ordinary pool Portfolio	Restricted Voting Pool Valuation £'000	% of Restricted Voting pool Portfolio	% of Total Portfolio
Viking Moorings	9,582	5.0	–	–	4.9
Argan Capital LP	7,550	4.0	–	–	3.9
Warburg Pincus IX	6,049	3.2	–	–	3.1
Mezzanine Management Fund IV	5,585	2.9	–	–	2.9
August Equity Partners I	5,499	2.9	–	–	2.8
Accession Mezzanine II	5,071	2.7	–	–	2.6
Hutton Collins Capital Partners II	4,842	2.5	–	–	2.5
Penta F&C Co-Investment Fund LP	4,838	2.5	–	–	2.5
Candover 2005	4,308	2.3	–	–	2.3
Stirling Square Capital Partners II	4,188	2.0	–	–	2.0

Top Ten Holdings

Viking Moorings

Investment type: Co-investment
Region: UK and Norway
Percentage held: 9.0%
Valuation basis: Earnings multiple

Viking Moorings is the market leader in the provision of moorings systems for oil rigs in the North Sea. Based in Aberdeen and Stavanger, the Company is also expanding its activities into other offshore provinces. This buy-out was led by Inflexion and was completed in December 2005. The Company is now in the advanced stages of a sale process.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**–**	–
Value	**9,582**	3,433

Argan Capital LP

Investment type: Buyout fund
Region: Continental Europe
Percentage held: 2.5%
Valuation basis: Percentage of fund value

Argan Capital is an independent private equity partnership that in October 2006 completed a spin-out from Bank of America. The team of 12 professionals focus on European mid-market buyouts in companies with enterprise values in excess of €100 million. In September 2007, the Ordinary Share pool of the Company committed €10 million to their first independent fund that subsequently closed at €425 million. This was a partial secondary/ partial primary investment with the fund approximately 50% invested from the outset.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**4,134**	5,236
Value	**7,550**	7,400

Warburg Pincus IX

Investment type: Limited partnership
Region: North America with 35% rest of world
Percentage held: 0.2%
Valuation basis: Percentage of fund value

Warburg Pincus IX is a $8 billion fund which invests across the globe in growth companies at all stages of development, including venture and development capital, recapitalisation and special situations. Warburg Pincus is one of the longest established and largest private equity companies in the world with 150 investment professionals spread across nine offices. More than 40 per cent of these investment staff are now based outside of the United States.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**4,891**	4,488
Value	**6,049**	4,926

Mezzanine Management Fund IV

Investment type: Mezzanine fund
Region: Pan Europe
Percentage held: 2.6%
Valuation basis: Percentage of fund value

Mezzanine Management is one of the most established independent mezzanine houses in Europe. It was founded by Rory Brooks and Jim Read in 1988 at a time when mezzanine was a relatively unknown asset class in Europe. It is a group well known to the F&C Private Equity team through our investments in their second fund (international Mezzanine Investment N.V.) in 1996 and in two CEE focussed funds managed by their associate, Accession Mezzanine. The fund closed in June 2007 with €268m of commitments including €10m from the Ordinary Share pool.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**4,231**	1,515
Value	**5,585**	1,679

August Equity Partners I

Investment type: Buyout fund
Region: United Kingdom
Percentage held: 12.0%
Valuation basis: Percentage of fund value

August Equity Partners I is a lower mid-market UK buy-out fund, which closed with total commitments of £130 million in December 2003. The Ordinary Share pool of the Company made a £15 million commitment through a secondary transaction in January 2006. August Equity, the managers, specialise in four sectors: healthcare, media, specialist manufacturing and technology.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**1,035**	4,673
Value	**5,499**	8,817

Top Ten Holdings

Accession Mezzanine II

Investment type: Mezzanine fund
Region: Central & Eastern Europe
Percentage held: 2.7%
Valuation basis: Percentage of fund value

Accession Mezzanine II has a regional focus, investing primarily in Central Europe. Its mezzanine investments often include an equity kicker capable of providing equity like returns with a lower risk profile. The fund is managed from regional offices in Vienna, Warsaw and Budapest. The fund closed in March 2008 with €261m of commitments, including €7m from the Ordinary Share pool.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**3,282**	1,486
Value	**5,071**	2,265

Hutton Collins Capital Partners II

Investment type: Mezzanine fund
Region: Pan Europe
Percentage held: 1.8%
Valuation basis: Percentage of fund value

Hutton Collins was formed in 2002 by its eponymous founders Matthew Collins and Graham Hutton. The team specialise in Pan-European mezzanine and preferred equity investments. Following on successful investment in their inaugural fund the Ordinary Share pool of the company committed €10 million to the second fund which closed at €570 million in April 2006

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**5,415**	4,782
Value	**4,842**	5,196

Penta F&C Co-Investment Fund LP

Investment type: Buyout fund
Region: United Kingdom
Percentage held: 67%
Valuation basis: Percentage of fund value

Penta was founded in 1999 by a group of former Royal Bank of Scotland private equity specialists led by Steven Scott. They operate from offices in Glasgow and London with a focus on the leisure, business services and infrastructure sectors within the UK lower mid-market. The Penta F&C Co-Investment Fund LP invests alongside other Penta managed funds to create a concentrated portfolio of between 4 and 7 investments over a commitment period of 2 years.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**6,056**	2,985
Value	**4,838**	2,989

Candover 2005

Investment type: Limited partnership
Region: Pan Europe
Percentage held: 0.4%
Valuation basis: Percentage of fund value

The Candover 2005 Fund closed in November 2005 with commitments of €3.5 billion (including €500 million from Candover). It invests in mid to large (enterprise values €150 million to €1.5 billion) European buyouts. The Ordinary Share pool of the Company made an initial commitment of €10 million in July 2005 that was subsequently increased to €15 million in October 2005.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**7,733**	6,787
Value	**4,308**	5,374

Stirling Square Capital Partners II

Investment type: Buyout fund
Region: Pan Europe
Percentage held: 4.3%
Valuation basis: Percentage of fund value

Stirling Square Capital Partners is a Pan-European buy-out firm focussing on investments with enterprise values in the range of €100m to €300m. It was founded in 2002 by six partners who had worked together in various combinations at private equity firms. F&C Private Equity Trust co-invested alongside SSCP in three of their previous deals (GOT, Whittan & 3si). The Ordinary Share pool committed €12m to this fund. SSCP are targeting €600m with a hard cap of €750m.

	31 December 2008 £'000	31 December 2007 £'000
Residual cost	**3,595**	–
Value	**4,188**	–

Chairman's Statement

David Simpson Chairman

The last year has been tumultuous for the global economy and this strongly influenced the performance of your Company. In particular the crisis in the banking sector, which intensified in the final quarter of the year, affected the ability of private equity managers to organise debt for management buy-outs, while the consequent correction in the stock market indirectly reduced the valuation basis of many private companies. The attendant recession, which is forecast to be as severe as any in recent history, will also put pressure on company profits and further affect valuations. These factors are reflected in a sharply reduced valuation of your Company's portfolio in the final quarter of the year.

The Company had net assets at 31 December 2008 of £165.6 million. The net assets of the ordinary share pool stood at £159.9 million, giving a fully diluted net asset value per share of 218.74p, a decline of 5.3 per cent over the year. This decline, representing a total return of –4.8 per cent, would have been considerably greater without the benefit of currency gains which added approximately 22 per cent to the value of the Company's portfolio during the year. The net assets of the restricted voting pool stood at £5.7 million, giving a net asset value per share of 8.53p, which, after adjusting for the return of capital of 36.25p on 25 January 2008, represents a total return of 14.5 per cent over the year.

There is no final dividend proposed for the ordinary shares. An interim dividend of 0.5p was paid on 22 October 2008. An interim dividend of 0.5p per restricted voting share, together with a special dividend of 0.5p per restricted voting share, have been declared and are payable on 8 May 2009 to restricted voting shareholders on the register on 17th April 2009. A special dividend of 1.0p per restricted voting share was paid on 27 June 2008.

Over the last several years your Company has broadened its portfolio of funds and co-investments. The predominant feature is that these investments are positioned in the middle and lower end of their respective private equity markets. Traditionally valuations have been lower in this tier, and the proportion of debt in the buy-out vehicles has also been lower. We have very little exposure to the 'mega' buy-out funds which are commonly perceived to be the most vulnerable to current pressures as a result of, on average, higher purchase prices and more leverage. The diversification of the Company's investment portfolio is one of its defining features, and this, together with the quality and positioning of our private equity fund managers and their funds, has mitigated the decline in net asset value and should allow us to deliver good returns for shareholders over the medium term.

The share price rating of the Company does not, in the Board's view, reflect the strengths of the portfolio. The ordinary shares stood at a 65.5 per cent discount to net asset value at 31 December 2008, and the discount has widened to 80.6 per cent as I write. Uncertainties surrounding valuations, commitment levels, financing and potential remedies have been prevalent influences on the whole private equity fund-of-funds sector. These are addressed in this report.

For several years the Company has pursued a policy of committing in advance to private equity funds in order to maintain a portfolio which is fully or substantially invested in private equity. It was, and remains, our expectation that the bulk of these commitments will be financed by realisations from the current portfolio. The Company has also funded

Chairman's Statement (continued)

new drawdowns with borrowing. Currently gearing stands at 14.7 per cent, and the Company has authority to gear up to 30 per cent of total assets. A commitment policy of this sort requires a detailed forecasting of inflows and outflows from the portfolio incorporating a sufficient margin to account for unexpected eventualities. The Manager maintains and constantly updates such a forecast.

The Company had outstanding undrawn commitments at 31 December 2008 of £158.4 million. This figure increased over the final quarter as a result of exchange rate movements. The weighted average unexpired life of these commitments is 3 years 5 months. Given current conditions in the international private equity market we expect that the rate of drawdown will be slower than of late and that a considerable proportion of these commitments will not be drawn before the investment periods of certain funds expire.

The Company has a committed revolving credit facility of £40 million, of which £33.8 million was drawn at 31 December 2008 and £32.4 million at the time of writing. The Company had cash balances of £4.4 million as at 31 December 2008 and has cash balances of £2.5 million at the time of writing. Whilst the Company does not expect to exceed the borrowing facility, we are exploring several options with a view to further ensuring that we can meet our commitments comfortably as they are called. These include raising additional funds, the disposal of certain non-core assets in a programme the first stage of which the Directors have already authorised, and reduction of certain commitments. This will improve the liquidity position of the Company but will also involve a moderate reduction in asset value since the secondary market tends to trade at a discount to the Board's current valuations. Any sales will represent a balance between cash raised, commitments relieved and the consequent reduction in asset value.

Robert Legget has been on the Board of the Company since its inception ten years ago and believes that it is now appropriate for him to stand down from the Board to concentrate on his executive responsibilities at Progressive Value Management Limited. The Board will be very sorry to see him go and I would like to pay tribute to the great contribution he has made to the evolution of the Company over the period since it started. He has been a great support to me personally and I and the rest of the Board wish him well.

As Robert retires I am pleased to welcome Mark Tennant who joined the Board on 3 February 2009. Mark is a senior adviser to JP Morgan, and his experience has already proved valuable as we look to steer a path through the current economic and market turmoil.

The issue of the recovery of VAT paid in past years on our investment management fees has been satisfactorily resolved during the year. Shareholders may recall that the European Court of Justice ruled that investment trusts were exempt from VAT on management fees, a ruling subsequently accepted by HMRC. We received £337,000 during the year in respect of VAT that we had paid on management fees invoiced by F&C Investment Business Ltd, together with interest on that amount of £27,000. We have accrued a further £456,000 at the year end due to us in respect of management fees invoiced by Martin Currie Investment Management Ltd during the period when they were the managers of the Company, and will account for the interest received on that amount in 2009.

The Managers have successfully managed the balance between the Company's resources and its commitments for many years, including through previous bear markets. The Board believes that the valuations are conservative in light of currently available information, as outlined in the Manager's review but should the prevailing economic and financial climate deteriorate, further reductions could not be ruled out. The dislocation in the banking sector has posed significant challenges for the Company, but we are confident that the portfolio strength and diversification will enable the Company to trade through the current period and put the Company in a strong position to deliver growth in net asset value as the economic climate improves.

David Simpson
Chairman
20 April 2009

Investment Manager


Hamish Mair


Neil Sneddon


Martin Cassels

Hamish Mair is the head of the private equity funds team at F&C Investment Business Limited and the manager of F&C Private Equity Trust.

Neil Sneddon is a director in the private equity funds team.

Martin Cassels is the Company Secretary.

Investment Managers

F&C Private Equity Trust plc is managed by F&C Investment Business Limited, a wholly owned subsidiary of F&C Asset Management plc ('F&C'). F&C is a leading asset manager in both the UK and Europe and has £98.6 billion of funds under management (as at 31 December 2008). The shares of F&C are traded on the London Stock Exchange.

F&C provides investment management and other services to a range of investment trust clients.

Manager's Review

Investment Strategy

F&C Private Equity Trust is a private equity fund-of-funds with a significant element invested directly in private companies through co-investments. There are two principal aims of a fund of funds structure. First there is the objective of achieving strong returns by accessing the skills of a wide range of complementary private equity managers. The second objective is to take much lower manager and stock specific risks than would be the case with a single manager strategy.

The individual portfolios of private equity funds are relatively concentrated with perhaps 10 investments or fewer per fund. The highly focused and involved management approach of private equity demands this degree of concentration and it is the primary source of the value creation. Additionally the close alignment between the private equity managers, the investee company management and the investors in the private equity fund combine to give a good prospect of success. Expert input and high motivation are the hallmarks of private equity and we expect these attributes to become ever more relevant as the recession takes hold. At present, not surprisingly, the potential problems posed by leverage and economic contraction are receiving more attention than the proven benefits of the private equity model.

F&C Private Equity Trust has exposure to nearly 500 underlying companies through its fund positions and it also has significant holdings directly in 16 private companies. This covers a very wide range of sectors and geographies but the common factor is that the great majority of the portfolio is invested in funds and companies which would be classed as mid market. In many case these companies, which usually have an enterprise value of between £30 million and £300 million, have a well established niche, often in a growing market. The growth characteristics and potential of the companies and markets as well as the sustainability of cashflows are the key attractions for private equity investors. These are companies which are still small enough to grow rapidly but are large enough to support high quality management teams and to be of interest to larger acquirers, often from their own sector. The very breadth of the mid market gives rise to inefficiencies based upon imperfect dissemination of information and this is one of the main reasons why mid market company deals have been consistently cheaper than the larger higher profile and far more intermediated large company deals. Furthermore, it is generally true that the mid market company capital structures are less aggressive and leverage, although important, is not always the dominant component in the investment case.

The smaller size of mid market companies can make them vulnerable but as noted above it can also be to their advantage. In particular deal sizes are smaller and accordingly require smaller debt 'packages'. As the 'hold' level of banks has been reduced dramatically this now tends to relatively advantage smaller deals. The mid market is by no means immune to the economic recession and the travails of the banking sector and stockmarket pose direct and acute challenges but within the private equity sector the mid market is increasingly being recognised as a safer haven.

New Commitments

The economic recession will create buying opportunities for many private equity funds. In order to fully benefit from this F&C Private Equity Trust requires to be invested with active private equity funds which are building up portfolios through the trough of the current recession. Although the current rate of investment is slow and many funds will not draw all their commitments over the next few years it is still likely that they will establish significant portfolios of private companies.

During 2008 we made nine commitments to new funds. Most of these were to European focused funds. In the Pan European sector we committed €12 million to Stirling Square Capital Partners II, a group we know well from previous co-investments. €12 million was committed to Candover's 2008 Fund. In the mezzanine area we made a commitment of €10m to Hutton Collins III. Extending and deepening our European regional coverage we have added a Nordic dimension to the portfolio with commitments to Sweden based Procuritas (€7 million) and Norway based Herkules, formerly known as Ferd (60 million NOK). We have committed €9m to Zurich based fund Capvis III. This will give us useful additional exposure to German speaking Europe. In Southern Europe we have once again backed N+1 Fund II with €9 million. Further afield we have once again backed Camden Partners in their fund IV with $10 million. The imperatives of climate change are increasingly affecting business activity globally. This is spawning many new industries and companies. To take advantage of these opportunities we have backed Environmental Technologies Fund with £5 million.

New Investments

During 2008 F&C Private Equity Trust invested a total of £71.1 million. This was evenly split between the first and second half, although there was a substantial fall off in activity in the final quarter when only £7.3 million was invested. In total, investments were made by our investment partners in over 100 companies. These are spread over many sectors and countries. The investments were mainly of buy-outs in either the equity or mezzanine component but there were also some earlier stage investments by venture capital funds.

Some of the larger individual investments made by our funds illustrate the diversity of the portfolio's recent activity.

The largest investment through a fund was £1.6 million into engineering conglomerate Stork NV by Candover 2005. This fund also drew £0.6 million for Technogym, the leading fitness equipment manufacturer. Penta, a Glasgow based UK buy-out group, have drawn £1.3 million for investment in IDSS (CCTVs and air conditioning). RJD Partners invested a combined £1.6 million in IPES, a provider of outsourced fund administration and management services for private equity funds, and in Raphael Healthcare, an independent provider of low secure hospital services to NHS patients. A number of investments have a healthcare theme. For example Argan Capital drew £0.9 million for Humana, the leading provider of assistance to disabled people in Sweden, and N+1 Fund II called £0.7 million for MBA group, a Spanish manufacturer of orthopaedic devices and implants. Other diverse investments building on secular trends include DBAG V's investment in ICTS, which provides aviation security systems (£0.4 million), and Montagu III's take private of Biffa plc, the market leader in industrial and commercial waste collection.

Four new co-investments were made bringing the co-investment portfolio to 16, accounting at current valuations for £41.3 million or 21 per cent of the portfolio. We co-invest with a small number of the investment partners where we have a close relationship based on successful previous cooperation. Two of the new investments were with Inflexion. £4 million has been invested in SMD Hydrovision the world's second largest supplier of Workclass Remotely Operated Vehicles ''WROVs'', electrically powered unmanned submarines that are able to work in depths and conditions that would otherwise be inaccessible for human divers. SMD Hydrovision primarily supplies the oil and gas sector as well as providing equipment for the telecoms, renewable energy, mining and defence industries. £3.3 million has been invested in ICS (Independent Clinical Services), a provider of temporary nurses and doctors to hospitals, clinics and surgeries.

On the Continent we have made our first co-investments in Italy and Germany. We have invested £3.2 million alongside Stirling Square Capital Partners in Sicurglobal, an Italian security company which is benefiting from deregulation in this market allowing it to grow across the regions of Italy. In Germany we have invested £1.24 million alongside CapVis in Bartec, a global provider and European Market leader in explosion protection and safety technology.

Realisations

Realisations totalled £27.8 million. These were from diverse funds. All the realisations achieved good prices and made acceptable returns for the fund investors. Private equity managers are directly incentivised to make high absolute returns and therefore tend only to sell when an acceptable target IRR or money multiple can be achieved. In 2008 certain sectors were considerably more buoyant than others in terms of M&A activity and this is reflected in the realisations in our portfolio. In particular the continuing strong demand for healthcare services and the perceived defensiveness

Manager's Review (continued)

of profits in this sector has led to considerable activity. We have already noted its prevalence in new investments for funds. Our largest individual sale proceeds amounted to £4.9 million from the sale by August Equity I of Healthcare Homes, a nursing homes chain. IDH, the dental clinics company, was sold by LGV 5 yielding £1.9 million for F&C PET and the earlier LGV4 Fund sold Classic Hospitals returning £0.9 million. Further afield Accession Mezzanine Capital has sold Polish Medical clinics company Euromedic returning £0.3 million. In other sectors Alto Capital raised £1.8 million from the sale of engineering company Metalcastello, Gilde Buy-out fund III sold Walter Services (business outsourcing) yielding £0.8m and towards the end of the year Argan Capital realised the Italian Vending machine company N&W returning £2.5m. Another major realisation was TDR Capital's sale of modular buildings company Algeco Scotsman which returned £2.3 million; of this, £0.9 million has been rolled over into a new co-investment vehicle.

Valuations

With a deteriorating economy and a falling stockmarket there have been numerous downward pressures on valuations. As private equity backed companies tend to have considerable levels of gearing there is an innate vulnerability to falling markets, however they also have the considerable benefit of motivated managers and owners and tend to be efficiently managed companies. These latter factors can to some extent mitigate the worst market effects.

Our portfolio is valued according to the International Private Equity and Venture Capital Valuation guidelines and there are, unsurprisingly, a large number of reduced valuations. In total the portfolio has been reduced in value by £36 million. This is before taking into account the benefit of favourable currency movements which have substantially counteracted this decline.

There have been a small number of uplifts in valuation. The most notable being in our Inflexion led co-investment in oil services company Viking Moorings where the valuation was increased by £6.1 million over the year. This company has traded very strongly and is in the advanced stages of a sale process. The performance of Viking and other holdings has boosted the Inflexion 2003 buy-out fund and its associated fund Hickory Fund Partnership which were uplifted by £1.7 million and £1.9 million respectively over the year. Other strong performing funds which bucked the downward trend included DBAG V (+£0.5 million), Life Science Partners III (+£0.4 million), August Equity I (+£0.3 million) and Accession Mezzanine II (+£0.3 million).

We have made reductions in value in the great majority of holdings. The portfolio valuation is unusually up to date with over 98 per cent by value based on December valuations. We have adjusted certain managers' valuations downwards where we believe that current market conditions merit it. We have analysed the breadth of our portfolio, which comprises nearly 500 companies. This analysis suggests that the portfolio is conservatively valued with a weighted average enterprise value to EBITDA multiple of 6.3x and a net debt to EBITDA multiple of 2.9x. We believe that this compares well with the private equity sector in general.

Outlook

The economic recession is creating challenges across the breadth of our portfolio. There remains a considerable degree of uncertainty over the economic outlook and this is making it difficult for company managements and their private equity partners to forecast profits. Tight cost controls and detailed attention to banking arrangements are common themes across the fund portfolios and in our co-investments. It is our objective to ensure that the Company can trade through the current financial and economic difficulties and that it is well positioned to benefit from the longer term investment opportunities.

Hamish Mair

20 April 2009

Board of Directors

David Simpson

Chairman

age 67, is a non-executive director of Fidelity European Values plc. He was a general manager and company secretary of The Standard Life Assurance Company from 1988 to 1996. He joined the Board in January 1999. David Simpson is standing for re-election at this year's annual general meeting of the Company.

Robert Legget

Chairman of the Audit Committee

age 58, is the managing director of Progressive Value Management Limited, a fund management company specialising in the realisation of illiquid holdings in UK listed small-capitalisation stocks and other 'difficult' asset classes. Previously he was a director of Quayle Munro Holdings plc, the Edinburgh-based merchant bank. He joined the Board in January 1999. Robert Legget's current term of office will expire at this year's Annual General Meeting of the Company. Robert Legget has decided not to offer himself for re-election.

Douglas Kinloch Anderson OBE

age 69, is executive chairman of Kinloch Anderson Limited. He was national president of the Royal Warrant Holders Association, president of The Edinburgh Chamber of Commerce and Master of the Edinburgh Merchant Company. He is also a director of Martin Currie Portfolio Investment Trust plc and Fidelity Special Values plc. He joined the Board in December 2000. Douglas Kinloch Anderson is standing for re-election at this year's annual general meeting of the Company.

John Rafferty

age 57, is a senior partner of Burness, the Scottish law firm. He is also a Fellow of the Securities and Investment Institute, and Honorary Consul for Canada in Scotland. He has wide experience of private equity investments and of investment realisations. He joined the Board in March 2000. John Rafferty is standing for re-election at this year's annual general meeting of the Company.

Elizabeth Kennedy

age 53, is a corporate finance director with Brewin Dolphin. She is also chairman of Octopus Second AIM VCT plc. She joined the Board on 1 July 2007. Elizabeth Kennedy's current term of office will expire at the annual general meeting of the Company to be held in 2011.

Mark Tennant

age 61, is a senior adviser to JP Morgan and a member of the Advisory Board of T Rowe Price Global Investor Services. He is also Chairman of the management consultancy Bluerock, and advises a number of other companies including the executive search group 33 St James's and The Money Portal. Mark Tennant joined the Board on 3 February 2009 and is standing for election at this year's annual general meeting of the Company.

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio	Ordinary Pool Valuation £'000	% of Ordinary Pool Portfolio	Restricted Voting Pool Valuation £'000	% of Restricted Voting Pool Portfolio
Buyout Funds – Pan European							
Argan Capital	Europe	7,550	3.9	7,550	4.0	–	0.0
Candover 2005	Europe	4,308	2.2	4,308	2.3	–	0.0
Stirling Square Capital Partners II	Europe	4,188	2.1	4,188	2.2	–	0.0
Montagu III	Europe	2,827	1.4	2,827	1.5	–	0.0
Candover 2001	N. Europe	2,627	1.4	2,627	1.4	–	0.0
TDR Capital	N. Europe	1,878	1.0	1,878	1.0	–	0.0
TDR Capital II	N. Europe	1,608	0.8	1,608	0.8	–	0.0
Candover 2008	Europe	817	0.4	817	0.3	–	0.0
Candover 1997	N. Europe	232	0.1	86	0.0	146	3.2
Total Buyout Funds – Pan European		**26,035**	**13.3**	**25,889**	**13.5**	**146**	**3.2**
Buyout Funds – UK							
August Equity Partners I	UK	5,499	2.8	5,499	2.9	–	0.0
Penta F&C Co-Investment Fund	UK	4,838	2.5	4,838	2.5	–	0.0
Hickory Fund Partnership	UK	4,014	2.1	4,014	2.1	–	0.0
Inflexion 2006 Buyout Fund	UK	3,794	1.9	3,794	2.0	–	0.0
RJD Private Equity Fund II	UK	3,686	1.9	3,686	1.9	–	0.0
Inflexion 2003 Buyout Fund	UK	2,975	1.5	2,975	1.6	–	0.0
August Equity Partners II	UK	2,806	1.5	2,806	1.6	–	0.0
Primary Capital III	UK	1,424	0.7	1,424	0.7	–	0.0
Piper Private Equity Fund IV	UK	1,282	0.7	1,282	0.7	–	0.0
Third Private Equity	UK	838	0.4	309	0.2	529	11.6
Dunedin Buyout Fund II	UK	660	0.3	660	0.3	–	0.0
RL Private Equity	UK	642	0.3	642	0.3	–	0.0
Primary Capital II	UK	624	0.3	624	0.3	–	0.0
Equity Harvest Fund	UK	590	0.3	590	0.3	–	0.0
Enterprise Plus	UK	173	0.1	64	0.0	109	2.4
Total Buyout Funds – UK		**33,845**	**17.3**	**33,207**	**17.4**	**638**	**14.0**
Buyout Funds – Continental Europe							
DBAG Fund V International	Germany	3,499	1.8	3,499	1.8	–	0.0
Ciclad 4	France	3,189	1.6	3,189	1.7	–	0.0
Ibersuizas Capital Fund II	Spain	3,164	1.6	3,164	1.7	–	0.0
Capvis Equity III	Europe	2,629	1.3	2,629	1.4	–	0.0
Nmas1 Private Equity	Spain	2,569	1.3	2,569	1.3	–	0.0
Gilde Buy-Out Fund III	Benelux	2,321	1.2	2,321	1.2	–	0.0
N+1 Capital Privado	Spain	1,647	0.9	1,647	0.9	–	0.0
Chequers Capital XV	France	1,565	0.9	1,565	0.9	–	0.0
AIG New Europe Fund II	Central & East Europe	1,040	0.5	1,040	0.5	–	0.0
Alto Capital II	Italy	964	0.5	964	0.5	–	0.0
DBAG Fund IV	Germany	686	0.4	686	0.4	–	0.0
Herkules Private Equity III	Nordic	593	0.3	593	0.3	–	0.0
Chequers Capital	France	450	0.2	450	0.2	–	0.0
Procuritas IV	Nordic	225	0.1	225	0.1	–	0.0
Ciclad 2	France	109	0.1	40	0.0	69	1.5
Total Buyout Funds – Continental Europe		**24,650**	**12.7**	**24,581**	**12.9**	**69**	**1.5**
Private Equity Funds – USA							
Camden Partners Fund III	USA	3,444	1.8	3,444	1.8	–	0.0
RCP Fund II	USA	2,219	1.1	2,219	1.2	–	0.0
Blue Point Capital Partners II	USA	2,137	1.1	2,137	1.1	–	0.0
Camden Partners Fund IV	USA	1,704	0.9	1,704	0.9	–	0.0
Blue Point Capital	USA	953	0.5	953	0.5	–	0.0
Hicks, Muse, Tate & Furst Fund IV	USA	573	0.3	211	0.1	362	7.9
Total Private Equity Funds – USA		**11,030**	**5.7**	**10,668**	**5.6**	**362**	**7.9**
Private Equity Funds – Global							
Warburg Pincus IX	Global	6,049	3.1	6,049	3.2	–	0.0
AIG Global Emerging Markets Fund II	Global	3,412	1.7	3,412	1.8	–	0.0
Warburg Pincus VIII	Global	2,609	1.3	2,609	1.3	–	0.0
Warburg Pincus X	Global	2,083	1.1	2,083	1.1	–	0.0
AIF Capital Asia III	Asia	1,279	0.7	1,279	0.7	–	0.0
AIG Brazil Special Situations II	Brazil	562	0.3	562	0.3	–	0.0
Total Private Equity Funds – Global		**15,994**	**8.2**	**15,994**	**8.4**	**–**	**0.0**

Investment

	Geographic Focus	Total Valuation £'000	% of Total Portfolio	Ordinary Pool Valuation £'000	% of Ordinary Pool Portfolio	Restricted Voting Pool Valuation £'000	% of Restricted Voting Pool Portfolio
Venture Capital Funds							
Life Sciences Partners III	Europe	2,817	1.4	2,817	1.5	–	0.0
SEP II	Europe	2,518	1.3	2,518	1.3	–	0.0
Alta-Berkeley VI	Europe	2,345	1.2	2,345	1.2	–	0.0
SEP III	Europe	2,341	1.2	2,341	1.2	–	0.0
Pentech Fund 1B Limited Partnership	Europe	1,507	0.8	1,507	0.8	–	0.0
Environmental Technologies Fund LP	UK	1,006	0.5	1,006	0.5	–	0.0
Albany Ventures III	Europe	401	0.2	401	0.3	–	0.0
Pentech Fund II	Europe	145	0.1	145	0.1	–	0.0
Scottish Equity Partnership	Europe	55	0.0	20	0.0	35	0.8
Alta-Berkeley III	Europe	27	0.0	27	0.0	–	0.0
Total Venture Capital Funds		**13,162**	**6.7**	**13,127**	**6.9**	**35**	**0.8**
Mezzanine Funds							
Mezzanine Management Fund IV	Europe	5,585	2.9	5,585	2.9	–	0.0
Accession Mezzanine II	Central & East Europe	5,071	2.6	5,071	2.7	–	0.0
Hutton Collins Capital Partners II	Europe	4,842	2.5	4,842	2.5	–	0.0
International Mezzanine Investment NV	Europe	4,120	2.0	1,519	0.8	2,601	56.9
Close Brothers Growth Capital Fund IIB	UK	3,144	1.5	3,144	1.6	–	0.0
Accession Mezzanine	Central & East Europe	2,682	1.4	2,682	1.4	–	0.0
1818 Mezzanine Fund II	USA	1,886	1.0	1,886	1.0	–	0.0
Alchemy Special Opportunities Fund	Europe	1,778	0.9	1,778	0.9	–	0.0
Hutton Collins Mezzanine	Europe	1,135	0.6	1,135	0.7	–	0.0
1818 Mezzanine Fund	USA	1,082	0.6	399	0.2	683	15.0
Hutton Collins Capital Partners III	Europe	–	0.0	–	0.0	–	0.0
Total Mezzanine Funds		**31,325**	**16.0**	**28,041**	**14.7**	**3,284**	**71.9**
Direct – Quoted							
Candover Investments PLC	Europe	1,132	0.7	1,132	0.7	–	0.0
Arch Capital	USA	67	0.0	67	0.0	–	0.0
Live Nation	USA	54	0.0	20	0.0	34	0.7
Strathdon Investment	UK	34	0.0	34	0.0	–	0.0
Parkmead Group	UK	7	0.0	7	0.0	–	0.0
Total Direct – Quoted		**1,294**	**0.7**	**1,260**	**0.7**	**34**	**0.7**
Direct – Investments/Co-investments							
Viking Moorings	Europe	9,582	4.9	9,582	5.0	–	0.0
Sicurglobal	Italy	3,867	2.0	3,867	2.0	–	0.0
3Si	USA	3,473	1.8	3,473	1.8	–	0.0
ICS Co-Investment Fund	UK	3,375	1.7	3,375	1.8	–	0.0
Whittan	Europe	3,052	1.6	3,052	1.6	–	0.0
SMD Hydrovision	Global	3,010	1.5	3,010	1.6	–	0.0
Lifeways	UK	2,731	1.4	2,731	1.4	–	0.0
Entec	UK	2,218	1.1	2,218	1.2	–	0.0
Bartec Capvis III	Germany	1,450	0.7	1,450	0.8	–	0.0
Senturion/Translinc	UK	1,164	0.6	1,164	0.6	–	0.0
Equidebt Holdings	UK	1,158	0.6	1,158	0.6	–	0.0
TDR Capital (Algeco/Scotsman)	Europe	1,113	0.6	1,113	0.6	–	0.0
Eurotel	UK	895	0.5	895	0.5	–	0.0
Blues Clothing Co-investment	UK	657	0.3	657	0.3	–	0.0
European Boating Holidays	Europe	223	0.1	223	0.1	–	0.0
LMS Group Holdings	UK	–	0.0	–	0.0	–	0.0
Total Direct – Investments/Co-investments		**37,968**	**19.4**	**37,968**	**19.9**	**–**	**0.0**
AiM Holdings		**35**	**0.0**	**35**	**0.0**	**–**	**0.0**
Total Portfolio		**195,338**	**100.0**	**190,770**	**100.0**	**4,568**	**100.0**

Report of the Directors

Results and Dividends

The Directors submit the ninth Annual Report and Accounts of the Company, for the year ended 31 December 2008.

The revenue available for dividends was £748,000.

A return of capital of 36.25p per Restricted Voting share was declared on 20 December 2007 and was paid on 25 January 2008.

A special dividend of 1.0p per Restricted Voting share was paid on 27 June 2008.

An interim dividend of 0.5p per Ordinary share was paid on 22 October 2008.

The Board has declared an interim dividend of 0.5p and a special dividend of 0.5p per Restricted Voting share both payable on 8 May 2009 to shareholders on the register at close of business on 17 April 2009.

Principal Activity and Status

The Company is registered as a Public Limited Company in terms of the Companies Act 1985 and is an Investment Company as defined by Section 833 of the Companies Act 2006.

The Company carries on business as an investment trust. It has been approved by the Inland Revenue as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 December 2007. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval.

Voting Rights

As announced on 24 April 2008, as a result in the drop in the Net Asset Value ('NAV') per Restricted Voting share below 10 pence per share (which was announced in the Company's final results on 14 April 2008), holders of Restricted Voting shares of 1p each in the Company no longer have the right to receive notice of, attend and vote at general meetings of the Company. Holders of Ordinary shares in the Company retain their voting rights.

Business Review

Board of Directors

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, corporate governance, and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 11.

Investment Objective and Investment Policy

Ordinary Shares

The investment objective is to achieve long-term capital growth through investment in private equity assets.

The Company will make private equity investments by taking stakes in private equity focused limited partnerships, offshore funds, investment companies and investment trusts. In addition to investing in newly formed private equity funds, the Company may also purchase secondary private equity fund interests (that is, portfolios of investments in existing private equity funds). The Company may also make direct private equity investments, mainly through co-investment with the funds in which the Company is invested.

The private equity funds in which the Company will invest comprise buy-out funds, venture funds and mezzanine funds. Both the funds and the direct investments will be selected in order to create an underlying portfolio which is well diversified by geography, sector, size of company, stage of development, transaction type and management style.

The Company may use gearing up to 30 per cent of its total assets at the point of drawdown.

No more than 15 per cent of total assets may be invested in UK listed investment companies.

No more than 15 per cent of total assets may be invested in non-UK listed investment companies.

No more than 33 per cent of total assets may be invested in direct private equity co-investments.

No more than 10 per cent of total assets may be invested outside the United States of America, the United Kingdom and Continental Europe.

Restricted Voting Shares

The investment objective is to manage the existing assets and to realise the value of those assets in a tax efficient manner and return capital to shareholders.

With the exception of the fulfilment of undrawn commitments and necessary follow-on investments, no new investments are expected to be made.

As far as practicable the Company will be fully invested at all times.

Investment of Assets

At each Board meeting, the Board receives a presentation from F&C Investment Business Limited (the 'Manager') which includes a review of investment performance, recent portfolio activity and market outlooks, and compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 December 2008 is presented on page 2 and in the Manager's review on pages 8 to 10; the full portfolio listing is provided on pages 12 and 13.

Strategy

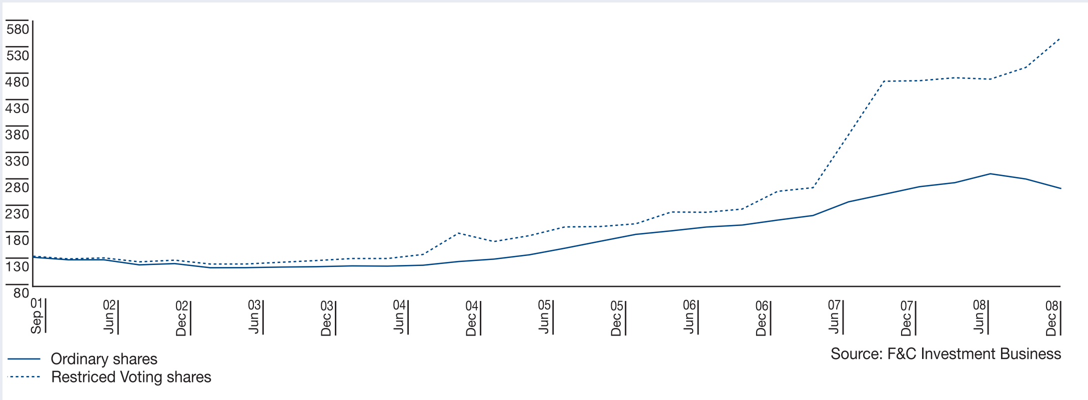
As part of its strategy, the Board has contractually delegated the management of the investment portfolio and other services to the Manager.

The Company's performance in meeting its objective is measured against key performance indicators as set out below. A review of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year is contained in the Chairman's Statement on pages 5 and 6 and the Manager's Review on pages 8 to 10, both of which form part of this Business Review.

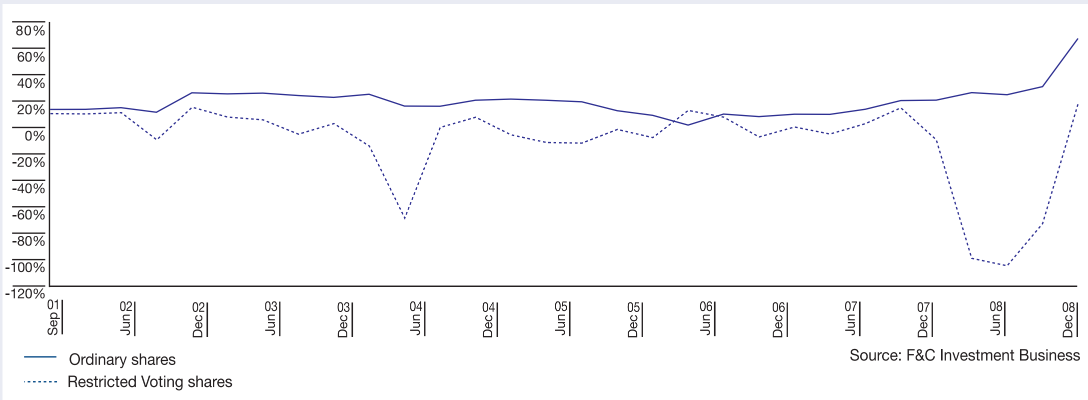
Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

Net Asset Value Total Returns
Ordinary and Restricted Voting shares since 1 September 2001

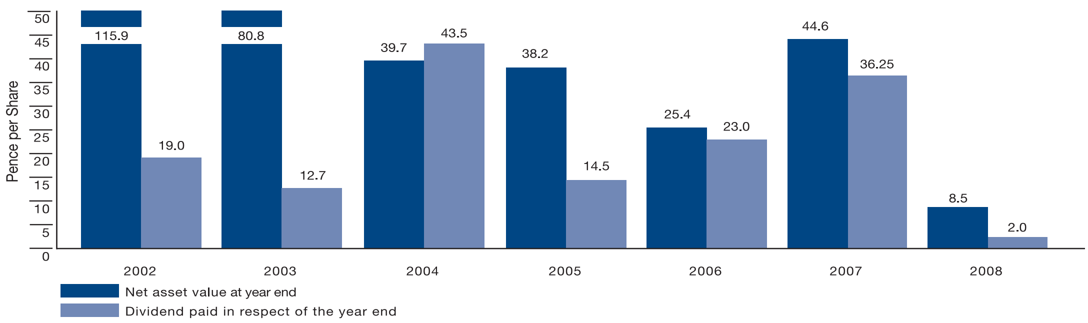


Discount of Share Prices to Net Asset Values
Ordinary and Restricted Voting shares since 1 September 2001



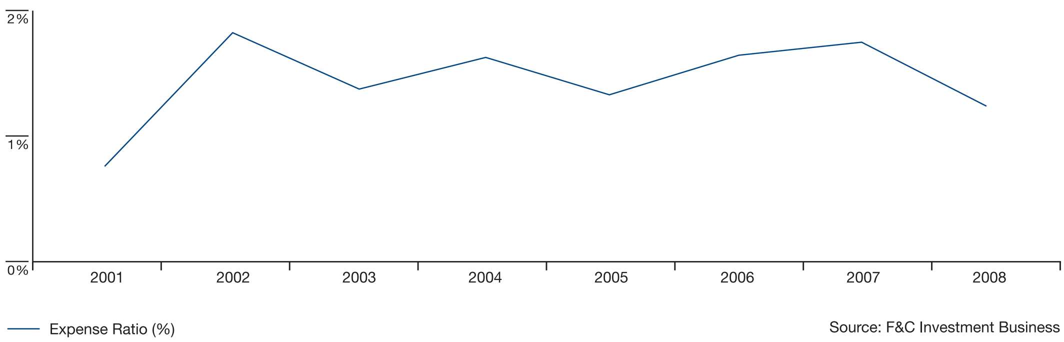
Report of the Directors (continued)

Special Dividends and Returns of Capital Paid to Restricted Voting Shares since 1 September 2001



A capital repayment of 36.25 pence per A share was paid on 25 January 2008 Source: F&C Investment Business

Total Expenses as a Percentage of Shareholders' Funds



Source: F&C Investment Business

Principal Risks and Uncertainties and Risk Management

The Board believes that the principal risks faced by the Company are:

- Investment and strategic – incorrect strategy (including use of gearing), asset allocation, and stock selection could all lead to poor returns for shareholders.
- External – events such as terrorism, disease, protectionism, inflation or deflation, economic recessions, the availability of credit and movements in interest rates could affect share prices.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. Breach of Section 842 of the Income and Corporation Taxes Act 1988 could lead to the Company being subject to tax on capital gains.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business, or that of third-party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- Funding – failure by the Company to meet its outstanding undrawn commitments.

The assets of the Restricted Voting shares are highly concentrated. This is a consequence of the advanced stage of the realisation process.

The Company is also exposed to currency risks in respect of the overseas markets in which it invests.

More detailed explanations of these risks and the way in which they are managed are contained in notes 21 to 25 to the accounts.

The Board seeks to mitigate and manage these risks through continual review, policy setting, shareholder communication and enforcement of contractual obligations. It also regularly monitors the investment environment, the management of the Company's investment portfolio, the level of undrawn commitments and the Company's gearing policy. Details of the Company's internal controls are described in more detail on page 20.

Directors

Mr Douglas Kinloch Anderson, whose biographical details are shown on page 11, retires from the Board by rotation and, being eligible, offers himself for re-election at the Annual General Meeting.

Mr David Simpson, Mr Robert Legget and Mr John Rafferty, whose biographical details are shown on page 11, have served on the Board for more than nine years and, as recommended by the Combined Code and the AIC Code, will seek re-election annually. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are not relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed.

The term of any non-executive director beyond six years is subject to rigorous review by the Board, balancing the need for progressive refreshing of the Board as well as the Board's stated policy on tenure.

Mr Robert Legget, who joined the Board in 1999, has decided not to offer himself for re-election.

The Board confirms that, following a formal performance evaluation, the performance of each of the three Directors offering themselves for re-election continues to be effective and demonstrates commitment to the role. It believes that it is in the interests of shareholders that Mr Douglas Kinloch Anderson, Mr David Simpson and Mr John Rafferty are re-elected.

Mr Mark Tennant was appointed to the Board on 3 February 2009 and has experience which the Board believes will contribute significantly to its deliberations. In accordance with the FRC's Combined Code on Corporate Governance he will retire at the Annual General Meeting, being the first such meeting following his appointment and, being eligible, offers himself for election.

The Board identified Mr Tennant as a suitable candidate to join the Board after consultation with appropriate individuals. Accordingly, there was no open advertising and external search consultants were not appointed.

The Directors who held office at the end of the year and their interests in the shares of the Company as at 31 December 2008 were:

		2008 Ordinary Shares	2007 Ordinary Shares
David Simpson	Beneficial	**20,000**	20,000
Elizabeth Kennedy		**30,000**	15,000
Douglas Kinloch Anderson		**–**	–
Robert Legget	Beneficial	**10,000**	10,000
John Rafferty	Beneficial	**21,500**	18,000

	2008 Restricted Voting Shares	2007 Restricted Voting Shares
David Simpson	**–**	–
Elizabeth Kennedy	**–**	5,000
Douglas Kinloch Anderson	**–**	–
Robert Legget	**–**	–
John Rafferty	**5,000**	35,000

There have been no changes in the holdings of the Directors in the shares of the Company between 31 December 2008 and 20 April 2009.

Mr Mark Tennant was appointed to the Board on 3 February 2009 and did not hold shares in the Company at 31 December 2008 or for the period from 31 December 2008 to 20 April 2009.

No Director has any material interest in any contract to which the Company is a party.

Substantial Interests in Share Capital

At 20 April 2009 the following holdings represented more than 3 per cent of the Company's issued share capital:

	Restricted Voting Shares Held	% of Restricted Voting Shares	Ordinary Shares Held	% of Ordinary Shares
Martin Currie Portfolio Investment Trust	31,097,772	46.4	7,836,624	10.8
Deutsche Bank	11,629,145	17.3	–	–
F&C Asset Management	4,357,165	6.5	18,119,852	25.1
CG Asset Management	2,616,320	3.9	–	–
M&G Investment Management	–	–	5,490,000	7.6
Co-operative Insurance Society	–	–	5,104,890	7.1
Aegon Asset Management	–	–	2,564,313	3.6
iimia Investment Group	2,300,000	3.4	–	–

Report of the Directors (continued)

As at 20 April 2009, the Company had been notified under DTR5 of the following movements in holdings of voting rights in its shares.

	Date	Ordinary Shares	Notification of % Share Capital held	Nature of Holding
Nortrust Nominees and Smith & Williamson Nominees (CG Asset Management Limited)	13/02/08	4,016,320	5.99	Direct
Nortrust Nominees and Smith & Williamson Nominees (CG Asset Management Limited)	18/02/08	3,316,320	4.94	Direct
Nortrust Nominees and Smith & Williamson Nominees (CG Asset Management Limited)	05/03/08	2,616,320	3.90	Direct

Management and Management Fees

The Manager provides investment management and secretarial services to the Company. A summary of the contract between the Company and the Manager in respect of investment management services provided is given in note 4 to the accounts.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the investment management contract and the fees payable to the Manager, together with the commitment of the Manager to the Company and its investment trust business and the standard of other services provided which include company secretarial, administration, marketing and corporate development.

Following this review it was, and continues to be, the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Corporate Governance

Arrangements in respect of corporate governance appropriate to an investment trust have been made by the Board. Except as disclosed below, the Company complied throughout the year with the relevant provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (the 'Combined Code') and the recommendations of the AIC's Code of Corporate Governance issued in May 2007 (the 'AIC Code'). Since all Directors are non-executive, and in accordance with the AIC Code and the preamble to the Combined Code, the provisions of the Combined Code on the role of the chief executive and, excepting so far as they apply to non-executive Directors, on Directors' remuneration are not relevant to the Company and are not reported on further.

In view of its non-executive nature and the requirement of the Articles of Association that all Directors are subject to retirement by rotation, the Board considers that it is not appropriate for a senior independent director to be appointed or for the Directors to be appointed for a specified term as recommended by provision A.7.2 of the Combined Code and principle 3 of the AIC Code. The Board has agreed that each Director will retire and, if appropriate, seek re-election at the completion of each three years of service and annually after serving on the Board for more than nine years.

The Board consists solely of non-executive Directors. Mr David Simpson is Chairman. All Directors are considered by the Board to be independent of the Manager. New Directors receive an induction from the Manager on joining the Board, and all Directors are made aware of appropriate training courses.

The Board, following formal performance evaluations, believes that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

The Company has no executive Directors or employees. A management agreement between the Company and its Manager sets out the matters over which the Manager has authority and the limits above which Board approval must be sought.

All other matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Board of Directors. The Board currently meets at least four times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all meetings worldwide where practicable in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at Company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Throughout the year a number of committees have been in operation. Those committees are the Audit Committee, the Management Engagement Committee, and the Nomination Committee.

Audit Committee

The Audit Committee, chaired by Mr Robert Legget, operates within clearly defined terms of reference, which are available on request, and comprises all of the Directors. The duties of the Audit Committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment of the auditors together with their remuneration. It is also the forum through which the auditors report to the Board of Directors and meets at least twice yearly. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Such fees amounted to £15,000 for the year ended 31 December 2008 (31 December 2007: £8,000) and related to the provision of taxation services. Notwithstanding such services, the Audit Committee considers Ernst & Young LLP to be independent of the Company.

Management Engagement Committee

The Management Engagement Committee, chaired by Mr David Simpson, operates within clearly defined terms of reference, which are available on request, and comprises the full Board and reviews the appropriateness of the Manager's continuing appointment together with the terms and conditions thereof on a regular basis.

Nomination Committee

The Nomination Committee, chaired by Mr David Simpson, operates within clearly defined terms of reference, which are available on request, and comprises the full Board convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

During the year the performance of the Board, committees and individual Directors was evaluated through an assessment process, led by the Chairman. The performance of the Chairman was evaluated by the other Directors.

The following table sets out the number of Board and Committee meetings held during the year ended 31 December 2008 and the number of meetings attended by each Director.

Director	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
David Simpson	6	6	2	2	1	1	2	2
Elizabeth Kennedy	6	6	2	2	1	1	2	1
Douglas Kinloch Anderson	6	6	2	2	1	1	2	2
Robert Legget	6	6	2	2	1	1	2	2
John Rafferty	6	6	2	2	1	1	2	2
Mark Tennant (appointed 3 February 2009)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Report of the Directors (continued)

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the guidance provided by the Turnbull Committee, as issued by the Financial Reporting Council in October 2005. The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The test matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken. A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers.

Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group and a broad equity market index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, including its internal audit function and the work carried out by the Company's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communications with its shareholders. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Board is also regularly briefed on shareholder attitudes by the Company's brokers. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The Notice for the forthcoming Annual General Meeting, to be held on 26 May 2009, is set out on pages 45 to 47. The Annual Report and Notice of Annual General Meeting is sent to shareholders at least 20 working days before the meeting.

The Company's Articles of Association provide that the holders of Restricted Voting shares are not entitled to receive notice of, attend or vote at general meetings of the Company once the NAV per Restricted Voting share is less than 10 pence.

Directors' Authority to Allot Shares

At the Annual General Meeting of the Company held on 23 May 2008, a special resolution was passed which permitted the Directors to allot new Ordinary shares as if Section 89(1) of the Companies Act 1985 did not apply. (This section requires that, when shares are allotted for cash, such new shares are first offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as ''pre-emption rights''). The renewal of this authority for allotment without the application of pre-emption rights is now sought by means of a special resolution at the forthcoming Annual General Meeting.

Allotments of Ordinary shares pursuant to this authority would enable the Directors to issue shares for cash to take advantage of changes in market conditions that may arise, in order to increase the amount of the Company's issued share capital. The purpose of such an increase would be to improve the liquidity of the market in the Company's shares and to spread the fixed costs of administering the Company over a wider base. The Directors believe that this would increase the investment attractions of the Company to the benefit of existing shareholders. They have no present intention of using this authority, if granted. No issue of shares would be made which would dilute the net asset value per share of existing shareholders.

The resolution required to allot Ordinary shares in this way is set out as resolution 9 in the notice of meeting. The resolution, if passed, will give the Directors power to allot for cash Ordinary shares of the Company up to a maximum of £36,141 (being an amount representing 5 per cent of the total issued Ordinary share capital of the Company as at 20 April 2009, being the latest practicable date prior to publication of this report) without the application of the pre-emption rights as described above. The calculation of the above figure is in accordance with the limits laid down by the UK Listing Authority and Investment Protection Committee guidelines, and the Directors will not use the authority other than in accordance with the above guidelines.

The authority contained in resolution 9 will continue until the Annual General Meeting of the Company in 2010, and the Directors envisage seeking renewal of this authority in 2010 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99 per cent of the issued Ordinary and Restricted Voting Shares expires at the end of the Annual General Meeting and resolution 10, as set out in the notice of the Annual General Meeting, seeks renewal of such authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued Ordinary and Restricted Voting Shares of the Company as at the date of the passing of the resolution (10,835,112 Ordinary shares, 10,056,012 Restricted Voting shares). The price paid for shares will not be less than the nominal value of 1p per Ordinary share or 1p per Restricted Voting share, nor more than the higher of (i) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003). This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share and be in the best interests of shareholders. Any shares purchased under this authority may be held in treasury or cancelled.

Notice of General Meetings

The Shareholder Rights Directive is intended to be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. We are currently able to call general meetings (other than annual general meetings) on 14 days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Special Resolution 12 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, overdrafts, bank debt, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in Notes 20 to 25 to the Accounts.

Disclosure of Information to Auditors

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Directors Indemnities

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in

Report of the Directors (continued)

respect of certain liabilities incurred as a result of carrying out his role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 1985.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts (including former Personal Equity Plans). It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Creditor Payment Policy

The Company's payment policy is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year-end.

Charitable and Political Donations

The Company has made no charitable or political donations during the period.

Environment

The Manager is a leader in the field of socially responsible investment and, with the support of the Board, actively engage with investee companies. Environmental policies and social, community and ethical issues are, therefore, where appropriate, effectively taken into consideration with regard to investment decisions on behalf of the Company.

Recommendation

The Directors consider that the passing of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions.

By order of the Board

Martin Cassels

For and on behalf of
F&C Investment Business Limited
Secretaries
80 George Street
Edinburgh EH2 3BU
20 April 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. The auditors' opinion is included in their report on pages 26 and 27.

Remuneration Committee

The Nomination Committee fulfils the function of a Remuneration Committee in addition to its nomination function. The Nomination Committee consists of all six non-executive Directors. Their details are listed on page 11. The Board has appointed the Company Secretary, F&C Investment Business Limited, to provide information when the Nomination Committee considers the level of Directors' fees.

The Committee concluded following a review of the Directors' fees for the forthcoming year should remain unchanged from those introduced in January 2008.

The Chairman receives £33,000 per annum, the Audit Committee Chairman receives £27,500 and other Directors receive £22,000 per annum.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, and have similar investment objectives. It is intended that this policy will continue for the foreseeable future.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' Service Contracts

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has a letter of appointment setting out the terms and conditions of his appointment and such letters are available for inspection. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after their appointment. Directors are thereafter obliged to retire by rotation and, if they wish, to offer themselves for re-election, at least every three years after that. Any Director who has served on the Board for more than nine years will offer himself or herself for re-election annually. There is no notice period and no provision for compensation upon termination of appointment.

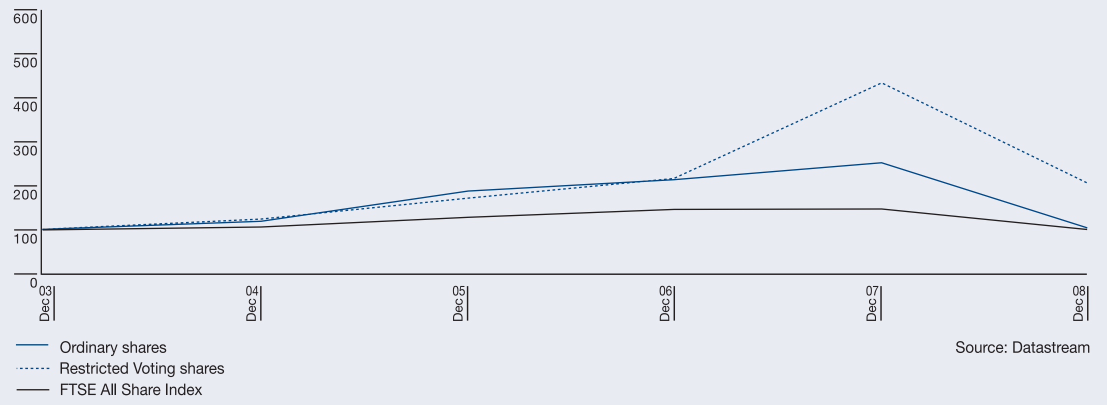
Director	Date of Appointment	Due date for Re-election
David Simpson	28 January 1999	AGM 2009
Elizabeth Kennedy	1 July 2007	AGM 2011
Douglas Kinloch Anderson	8 December 2000	AGM 2009
Robert Legget	28 January 1999	n/a
John Rafferty	20 March 2000	AGM 2009
Mark Tennant	3 February 2009	AGM 2009

Company Performance

The graph overleaf compares the total return (assuming all dividends are reinvested) to shareholders compared to the total shareholder return on the FTSE All-Share Index. However, the Board recognises that the FTSE All-Share Index is not directly correlated with private equity investment.

Directors' Remuneration Report (continued)

Share Price Total Return Performance Graph



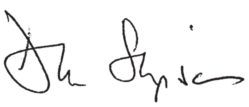
Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	Year to 31 December 2008 £	Year to 31 December 2007 £
David Simpson (Chairman of the Board)	**33,000**	27,000
Elizabeth Kennedy (Appointed 1 July 2007)	**22,000**	9,000
Douglas Kinloch Anderson	**22,000**	18,000
Robert Legget	**27,500**	21,000
John Rafferty	**22,000**	18,000
Mark Tennant (Appointed 3 February 2009)	**n/a**	n/a
Total	**126,500**	93,000

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 20 April 2009 and signed on its behalf by



David Simpson
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1985 and 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
David Simpson
Chairman
20 April 2009

Independent Auditors' Report

We have audited the financial statements of F&C Private Equity Trust plc for the year ended 31 December 2008 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Directors' Responsibility Statement.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises: Company Summary, Financial Highlights, Performance Summary, Portfolio Summary, Top Ten Holdings, Chairman's Statement, Investment Manager, Manager's Review, Board of Directors, Portfolio Holdings, Report of the Directors, unaudited part of the Directors' Remuneration Report, Notice of Annual General Meeting, How to Invest and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its net return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Edinburgh
20 April 2009

Income Statement

	Notes	Revenue £'000	Capital £'000	Year ended 31 December 2008 Total £'000	Revenue £'000	Capital £'000	Year ended 31 December 2007 Total £'000
(Losses)/gains on investments	10	**–**	**(2,825)**	**(2,825)**	–	57,141	57,141
Currency losses	19	**–**	**(4,903)**	**(4,903)**	–	(1,343)	(1,343)
Income	2	**2,043**	**–**	**2,043**	3,018	–	3,018
Investment management fee	4	**(202)**	**216**	**14**	(391)	(1,994)	(2,385)
Other expenses	5	**(669)**	**–**	**(669)**	(631)	–	(631)
Net return before finance costs and taxation		**1,172**	**(7,512)**	**(6,340)**	1,996	53,804	55,800
Interest payable and similar charges	6	**(159)**	**(477)**	**(636)**	(17)	(49)	(66)
Return on ordinary activities before taxation		**1,013**	**(7,989)**	**(6,976)**	1,979	53,755	55,734
Taxation on ordinary activities	7	**(265)**	**74**	**(191)**	(587)	569	(18)
Return on ordinary activities after taxation		**748**	**(7,915)**	**(7,167)**	1,392	54,324	55,716
Return per Ordinary share – Basic	9	**0.66p**	**(11.98)p**	**(11.32)p**	1.37p	56.74p	58.11p
Return per Ordinary share – Fully diluted	9	**0.64p**	**(11.66)p**	**(11.02)p**	1.34p	55.52p	56.86p
Return per Restricted Voting share – Basic	9	**0.41p**	**1.11p**	**1.52p**	0.60p	19.84p	20.44p

The total column of the income statement is the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses by the Company have been reflected in the above Income Statement.

Reconciliation of Movements in Shareholders' Funds

		Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Opening shareholders' funds		**198,908**	146,233
Return on ordinary activities after taxation		**(7,167)**	55,716
Dividends paid	8	**(1,178)**	(3,041)
Return of capital paid	8	**(24,321)**	–
Special dividend paid	8	**(671)**	–
Closing shareholders' funds		**165,571**	198,908

A more detailed reconciliation of movement in shareholders' funds is contained in note 17.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes		As at 31 December 2008 £'000		As at 31 December 2007 £'000
		£'000		£'000	
Investments at fair value					
Listed on recognised exchanges		**1,329**		43,984	
Unlisted		**194,009**		150,597	
	10		**195,338**		194,581
Current assets					
Debtors	12	**740**		789	
Cash at bank	13	**4,436**		5,822	
		5,176		6,611	
Creditors					
Amounts falling due within one year	14	**(34,943)**		(1,462)	
Net current (liabilities)/assets			**(29,767)**		5,149
Total assets less current liabilities			**165,571**		199,730
Creditors					
Amounts falling due after more than one year	15		**–**		(822)
Net assets			**165,571**		198,908
Capital and reserves					
Called-up ordinary share capital	16		**1,394**		1,394
Special distributable capital reserve	17		**15,679**		40,000
Special distributable revenue reserve	17		**37,692**		38,363
Capital redemption reserve	17		**664**		664
Capital reserve	17		**109,555**		117,470
Revenue reserve	17		**587**		1,017
			165,571		198,908
Net asset value per Ordinary share – Basic	9		**221.15p**		233.82p
Net asset value per Ordinary share – Fully diluted	9		**218.74p**		231.08p
Net asset value per Restricted Voting share – Basic	9		**8.53p**		44.56p

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2009, and signed on its behalf by:

David Simpson, Chairman

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Notes	£'000	Year ended 31 December 2008 £'000	£'000	Year ended 31 December 2007 £'000
Operating activities					
Net dividends and interest received from investments		**2,492**		1,949	
Interest received from deposits		**199**		619	
Investment management fee		**(1,714)**		(958)	
Other cash payments		**(757)**		(507)	
Net cash inflow from operating activities	18		**220**		1,103
Servicing of finance					
Interest paid		**(655)**		(53)	
Net cash outflow from servicing of finance			**(655)**		(53)
Taxation					
Corporation tax paid		**(134)**		(550)	
Net cash outflow from taxation			**(134)**		(550)
Capital expenditure and financial investment					
Payments to acquire investments		**(81,261)**		(119,545)	
Receipts from disposal of investments		**77,679**		122,487	
Net cash (outflow)/inflow from capital expenditure and financial investments			**(3,582)**		2,942
Equity dividends paid			**(26,170)**		(3,041)
Financing					
Loans drawn down		**27,644**		–	
Net cash inflow from financing			**27,644**		–
(Decrease)/increase in cash	19		**(2,677)**		401

Reconciliation of net cash flow to movement in net funds/(debt)				
(Decrease)/increase in cash in the year	19	**(2,677)**		401
Loans drawn down	19	**(27,644)**		–
Change in net debt resulting from cash flows			**(30,321)**	401
Currency losses			**(4,903)**	(1,343)
Movement in net debt			**(35,224)**	(942)
Opening net funds			**5,822**	6,764
Closing net (debt)/funds	19		**(29,402)**	5,822

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1 Accounting policies

(a) The financial statements have been prepared under UK Generally Accepted Accounting Practice ('UK GAAP') and in accordance with guidelines set out in the Statement of Recommended Practice ('SORP'), revised January 2009, for investment trusts, issued by the Association of Investment Companies ('AIC'), except as disclosed below in note 1e.

(b) Income from equity investments is determined on the date on which the investments are quoted ex-dividend, or where no ex-dividend date is quoted, when the Company's right to receive payment is established. Other income includes any taxes deducted at source. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised in capital reserves.
Income from fixed interest securities is recognised on a time apportioned basis so as to reflect the effective yield.

(c) Expenses are accounted for on an accruals basis.

(d) The management fee and finance costs are allocated 75 per cent. to capital and 25 per cent. to revenue in accordance with the Board's expected long-term split of returns in the form of capital gains and income, respectively.

All other expenses are charged to the revenue account with the exception of the incentive fee which is charged fully to capital.

Transaction costs incurred on the purchase and sale of investments are taken to the income statement as a capital item.

(e) Final dividends payable are recognised in the period in which they are irrevocably declared. Interim dividends payable are recognised in the period in which they are paid.

(f) Holding gains and losses, gains and losses on disposal of investments and exchange adjustments to overseas currencies are taken to the capital reserve. Due to the nature of the investments held, the Company is unable to identify within realised gains those previously recorded as unrealised.

(g) Investments are classified as fair value through profit or loss and are recognised on trade date. Financial assets designated as fair value through profit or loss are measured initially and at subsequent reporting dates at fair value. For listed investments this is bid price. Unlisted investments are fair valued by the Directors and determined in accordance with the International Private Equity and Venture Capital Valuation guidelines. The guidelines are also followed in respect of the marketability discounts applied to unlisted investments and the valuation and write down of loan stock. Investments held in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Disposals of investments are recognised at the trade date of the transaction.

(h) Revenue received and interest paid in foreign currencies are translated at the rates of exchange ruling on the transaction date and exchange gains and losses arising on such transactions are taken to the revenue account. The functional currency of the Company, being its statutory reporting currency, is sterling.

(i) Taxation relief is allocated between income and capital on the statement of total return using the marginal method in accordance with the SORP revised January 2009.

(j) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits available from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred taxation is measured without discounting and based on enacted tax rates.

(k) As a result of the Company's reorganisation in August 2001, drawdowns, receipts and income on investments held prior to that date are split between Ordinary and Restricted Voting share pools on the basis of the proportion of each investment held by each respective class. Any new investments are allocated 100 per cent. to the Ordinary share pool and drawdowns, receipts and income relating to such investments are attributable wholly to the Ordinary share pool. Expenses are split between Ordinary and Restricted Voting share pools on the basis of the ratio of the most recently published net assets of the respective pools when the expense is incurred, except for items which, by their nature, relate exclusively to a specific pool.

Notes to the Financial Statements (continued)

2 Income from investments

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Income – franked	**85**	103
Income – unfranked	**1,958**	2,915
	2,043	3,018

3 Segmental analysis

The Company carries on business as an investment trust, and operates two pools of assets: Ordinary and Restricted Voting. The Company's Income Statement and Balance Sheet, on pages 28 and 29, can be analysed as follows:

	Ordinary Pool			**Restricted Voting Pool**			**Total**		
Year to 31 December 2008	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on investments	**–**	**(3,337)**	**(3,337)**	**–**	**512**	**512**	**–**	**(2,825)**	**(2,825)**
Currency (losses)/gains	**–**	**(4,984)**	**(4,984)**	**–**	**81**	**81**	**–**	**(4,903)**	**(4,903)**
Income	**1,705**	**–**	**1,705**	**338**	**–**	**338**	**2,043**	**–**	**2,043**
Expenses	**(915)**	**5**	**(910)**	**44**	**211**	**255**	**(871)**	**216**	**(655)**
Interest payable	**(159)**	**(477)**	**(636)**	**–**	**–**	**–**	**(159)**	**(477)**	**(636)**
Return before taxation	**631**	**(8,793)**	**(8,162)**	**382**	**804**	**1,186**	**1,013**	**(7,989)**	**(6,976)**
Taxation	**(157)**	**134**	**(23)**	**(108)**	**(60)**	**(168)**	**(265)**	**74**	**(191)**
Return after taxation	**474**	**(8,659)**	**(8,185)**	**274**	**744**	**1,018**	**748**	**(7,915)**	**(7,167)**
Year to 31 December 2007									
Gains on investments	–	13,998	13,998	–	43,143	43,143	–	57,141	57,141
Currency losses	–	(748)	(748)	–	(595)	(595)	–	(1,343)	(1,343)
Income	742	–	742	2,276	–	2,276	3,018	–	3,018
Expenses	(113)	(131)	(244)	(909)	(1,863)	(2,772)	(1,022)	(1,994)	(3,016)
Interest payable	–	–	–	(17)	(49)	(66)	(17)	(49)	(66)
Return before taxation	629	13,119	13,748	1,350	40,636	41,986	1,979	53,755	55,734
Taxation	(227)	189	(38)	(360)	380	20	(587)	569	(18)
Return after taxation	402	13,308	13,710	990	41,016	42,006	1,392	54,324	55,716

	Ordinary Pool		**Restricted Voting Pool**		**Total**	
	31 December 2008 £'000	31 December 2007 £'000	**31 December 2008 £'000**	31 December 2007 £'000	**31 December 2008 £'000**	31 December 2007 £'000
Investments	**190,770**	166,285	**4,568**	28,296	**195,338**	194,581
Inter-pool (creditor)/debtor	**(3)**	22	**3**	(22)	**–**	–
Debtors	**431**	392	**309**	397	**740**	789
Cash	**3,405**	4,429	**1,031**	1,393	**4,436**	5,822
Creditors due within one year	**(34,752)**	(1,294)	**(191)**	(168)	**(34,943)**	(1,462)
Creditors due after one year	**–**	(822)	**–**	–	**–**	(822)
Net assets	**159,851**	169,012	**5,720**	29,896	**165,571**	198,908

4 Investment management fee

	Revenue £'000	Capital £'000	Year ended 31 December 2008 Total £'000	Revenue £'000	Capital £'000	Year ended 31 December 2007 Total £'000
Investment management fee	**400**	**1,201**	**1,601**	391	1,172	1,563
Incentive fee	**–**	**(822)**	**(822)**	–	822	822
Recoverable VAT	**(198)**	**(595)**	**(793)**	–	–	–
	202	**(216)**	**(14)**	391	1,994	2,385

Throughout the year the Company's investment manager was F&C Investment Business Limited ('F&C').

F&C is entitled to a basic management fee payable quarterly in arrears of 0.7 per cent. per annum of the relevant assets of the Restricted Voting Pool and 0.9 per cent. per annum of the relevant assets of the Ordinary Pool. For the purposes of the basic management fees, the 'relevant' assets are the net assets of the relevant pool plus the amount of any long-term borrowings undertaken for the purpose of investment in relation to that pool but excluding the value of any investment in any fund which is managed by the Manager or an associate of the Manager.

F&C is entitled to an incentive fee if the internal rate of return per Ordinary share over the performance period exceeds 8 per cent. per annum. The amount of the incentive fee will be 10 per cent. of the gains in excess of those required to satisfy the performance condition. The internal rate of return per Ordinary share takes account of all distributions other than share buy-backs and the fee will be calculated by multiplying the excess gain per share by the weighted average number of Ordinary shares in issue during the performance period. The performance period commenced on 1 August 2006 and continues until 30 June in any one (to be determined by F&C Investment Business Limited) of the years 2010 to 2013. At 31 December 2008 the movement in the incentive fee was –£822k. The Management Agreement between the Company and F&C may be terminated at any time by either party giving six months' notice of termination.

The Management Agreement can be terminated by the Company by written notice with immediate effect and no compensation being payable, if, *inter alia*, F&C ceases to be an authorised person under the Financial Services and Markets Act 2000, or becomes insolvent, is wound up, has a receiver appointed over the whole or a substantial part of its assets or is liquidated. In the event that the Company terminates the agreement otherwise than in accordance with the Management Agreement, F&C is entitled to receive a compensation payment. The compensation sum shall be an amount equal to the aggregate of (i) 0.7 per cent. of the Net Asset Value of the Restricted Voting Pool; (ii) 0.9 per cent. of the Net Asset Value of the Ordinary Pool, as calculated at the business day prior to such termination becoming effective reduced *pro rata* in respect of any period of notice actually given from the date of receipt by F&C of such notice to the effective date or termination.

As a result of the European Court of Justice decision that investment management fees payable by investment trusts are not, and should never have been, liable to value added tax ('VAT'), the Company recovered £337,000 in respect of investment management fees paid to F&C for the period from June 2005. The Company expects to make further recoveries of £456,000 in April 2009 in respect of management fees paid to Martin Currie Limited (the Company's previous investment manager) relating to the period between March 1999 and June 2005, which has been included within debtors as at 31 December 2008.

Notes to the Financial Statements (continued)

5 Administrative expenses

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Auditors' remuneration for:		
– audit	**21**	19
– interim review	**–**	5
– taxation services	**5**	3
– other services	**10**	–
Directors' fees	**127**	93
Legal fees	**33**	15
Printing and postage	**31**	31
Registration fees	**18**	9
Secretarial fee	**110**	103
Irrecoverable VAT	**63**	117
Other	**251**	236
	669	631

6 Interest payable and similar charges

	Year ended 31 December 2008 Revenue £'000	Year ended 31 December 2008 Capital £'000	Year ended 31 December 2008 Total £'000	Year ended 31 December 2007 Revenue £'000	Year ended 31 December 2007 Capital £'000	Year ended 31 December 2007 Total £'000
Interest payable on bank loans and overdrafts	**159**	**477**	**636**	17	49	66

7 Taxation on ordinary activities

	Year ended 31 December 2008 Revenue £'000	Year ended 31 December 2008 Capital £'000	Year ended 31 December 2008 Total £'000	Year ended 31 December 2007 Revenue £'000	Year ended 31 December 2007 Capital £'000	Year ended 31 December 2007 Total £'000
(a) Analysis of charge for the year						
Prior year under accrual	**–**	**–**	**–**	18	–	18
UK corporation tax	**265**	**(74)**	**191**	569	(569)	–
	265	**(74)**	**191**	587	(569)	18

7 Taxation on ordinary activities (continued)

(b) Reconciliation of taxation for the year

The revenue account taxation charge for the year is lower than the standard rate of corporation tax in the UK for an investment trust, 28.5 per cent., (2007: 30 per cent.). The table below provides a reconciliation of the respective charges.

			Year ended 31 December 2008			Year ended 31 December 2007
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	**1,013**	**(7,989)**	**(6,976)**	1,979	53,755	55,734
Corporation tax at standard rate of 28.5 per cent. (2007: 30 per cent.)	**289**	**(2,277)**	**(1,988)**	594	16,126	16,720
Capital returns*	**–**	**–**	**–**	–	(16,695)	(16,695)
Effects of:						
Non taxable UK dividend income*	**(24)**	**–**	**(24)**	(31)	–	(31)
Capital losses not relievable	**–**	**806**	**806**	–	–	–
Currency losses not relievable	**–**	**1,397**	**1,397**	–	–	–
Movement in unutilised excess expenses	**(265)**	**74**	**(191)**	–	–	-
Tax relief to capital	**265**	**(74)**	**191**	–	–	–
Expenses not deductible	**–**	**–**	**–**	6	–	6
Tax difference from prior years	**–**	**–**	**–**	18	–	18
	265	**(74)**	**191**	587	(569)	18

*These items are not subject to corporation tax within an investment trust. At 31 December 2008, there was an unrecognised deferred tax asset of £nil in respect of unutilised expenses carried forward (31 December 2007: £42,000).

8 Dividends

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interim Restricted Voting share dividend of 1.00p for period ended 31 December 2006	**–**	671
Interim Ordinary share dividend of 2.10p for period ended 31 December 2006	**–**	1,518
Final Ordinary share dividend of 0.40p for period ended 31 December 2006	**–**	289
Interim Restricted Voting share dividend of 0.30p for year ended 31 December 2007	**–**	201
Interim Ordinary share dividend of 0.50p for year ended 31 December 2007	**–**	362
Final Restricted Voting share dividend of 0.30p for year ended 31 December 2007	**202**	–
Final Ordinary share dividend of 0.85p for year ended 31 December 2007	**615**	–
Interim Ordinary share dividend of 0.50p for year ended 31 December 2008	**361**	–
	1,178	3,041

On 25 January 2008 a Return of Capital of 36.25 pence per Restricted Voting share was paid. The total amount paid was £24,321,000.

On 27 June 2008 a Special Dividend of 1.0 pence per Restricted Voting share was paid. The total amount paid was £671,000.

An interim revenue dividend of 0.5p per Restricted Voting share will be paid on 8 May 2009 to shareholders on the register on 17 April 2009.

A special dividend of 0.5p per Restricted Voting share will be paid on 8 May 2009 to shareholders on the register on 17 April 2009.

Notes to the Financial Statements (continued)

9 Returns and net asset values

	Year ended 31 December 2008 Ordinary Share Pool	Year ended 31 December 2007 Ordinary Share Pool	**Year ended 31 December 2008 Restricted Voting Share Pool**	Year ended 31 December 2007 Restricted Voting Share Pool
The returns and net asset values per share are based on the following figures:				
Revenue return	**£474,000**	£990,000	**£274,000**	£402,000
Capital return	**£(8,659,000)**	£41,016,000	**£744,000**	£13,308,000
Net assets attributable to shareholders	**£159,851,000**	£169,012,000	**£5,720,000**	£29,896,000
Net assets attributable to shareholders †	**£162,396,000**	£171,557,000	**£5,720,000**	£29,896,000
Number of shares in issue at end of period – Basic	**72,282,273**	72,282,273	**67,084,807**	67,084,807
Number of shares in issue at end of period – Fully diluted	**74,241,429**	74,241,429	**67,084,807**	67,084,807
Average number of shares in issue during period – Basic	**72,282,273**	72,282,273	**67,084,807**	67,084,807
Average number of shares in issue during period – Fully diluted	**74,241,429**	73,874,739	**67,084,807**	67,084,807

†After conversion of Ordinary share warrants

	Revenue	**Capital**	**Year ended 31 December 2008 Total**	Revenue	Capital	Year ended 31 December 2007 Total
Return per Ordinary share – Basic	**0.66p**	**(11.98)p**	**(11.32)p**	1.37p	56.74p	58.11p
Return per Ordinary share – Fully diluted	**0.64p**	**(11.66)p**	**(11.02)p**	1.34p	55.52p	56.86p
Return per Restricted Voting share – Basic	**0.41p**	**1.11p**	**1.52p**	0.60p	19.84p	20.44p

	As at 31 December 2008	As at 31 December 2007
Net asset value per Ordinary share – Basic	**221.15p**	233.82p
Net asset value per Ordinary share – Fully diluted	**218.74p**	231.08p
Net asset value per Restricted Voting share – Basic	**8.53p**	44.56p

Returns per share are calculated on the average number of shares in each class in issue during the period. Net asset values per share are calculated on the number of shares in each class in issue at the period end. Note 3 to the financial statements, on page 32, provides further analysis of the returns and net asset values of the Ordinary and Restricted Voting share pools.

10 Investments

	Listed £'000	Unlisted £'000	As at 31 December 2008 Total £'000	Listed £'000	Unlisted £'000	As at 31 December 2007 Total £'000
Cost at beginning of period	**43,531**	**139,235**	**182,766**	16,668	119,390	136,058
Movements during the period:						
Purchases	**10,107**	**71,154**	**81,261**	57,903	61,642	119,545
Sales	**(51,199)**	**(26,480)**	**(77,679)**	(30,708)	(91,673)	(122,381)
Gains on disposal	**(160)**	**7,937**	**7,777**	(332)	49,876	49,544
Cost at end of the period	**2,279**	**191,846**	**194,125**	43,531	139,235	182,766
Holding gains	**(950)**	**2,163**	**1,213**	453	11,362	11,815
Valuation at end of period	**1,329**	**194,009**	**195,338**	43,984	150,597	194,581

	Year ended 31 December 2008	Year ended 31 December 2007
Gains on disposals	**7,777**	49,544
(Decrease)/increase in holding gains	**(10,602)**	7,597
(Losses)/gains on investments	**(2,825)**	57,141

The purchases figure for the period of £81,261,000 comprises £81,261,000 paid by the Ordinary share pool and £nil paid by the Restricted Voting share pool. The sales figure of £77,679,000 comprises £53,419,000 received by the Ordinary pool and £24,260,000 received by the Restricted Voting pool. As at 31 December 2008, the valuation of the Ordinary share investments was £190,770,000 and the Restricted Voting share investments was £4,568,000, giving a total of £195,338,000.

During the year the Company incurred transaction costs on purchases of quoted stocks of £nil (period to 31 December 2007: £nil) and transaction costs on sales of quoted stocks of £478 (period to 31 December 2007: £1,453).

11 Commitments and contingent liabilities

Capital commitments in respect of outstanding calls on investments at 31 December 2008 amounted to £158,344,000 for the Ordinary share pool (2007: £143,725,000) and £13,000 for the Restricted Voting share pool (2007: £1,872,000).

12 Debtors

	31 December 2008 £'000	31 December 2007 £'000
Accrued income	**–**	648
Other debtors	**57**	48
VAT recoverable	**456**	–
Taxation	**227**	93
	740	789

Notes to the Financial Statements (continued)

13 Cash at bank	**31 December 2008 £'000**	31 December 2007 £'000
Sterling trading account	**205**	(100)
Sterling deposit – short-term	**3,871**	5,861
US Dollar bank account	**360**	61
	4,436	5,822

14 Creditors: amounts falling due within one year	**31 December 2008 £'000**	31 December 2007 £'000
Interest accrued	**9**	28
Due to Manager	**780**	1,230
Accrued expenses	**125**	204
Revolving credit facility	**33,838**	–
Taxation	**191**	–
	34,943	1,462

On 30 April 2007 the Company entered into a five year £40 million multi currency revolving credit facility. £33,838,000 was drawn down as at 31 December 2008 (2007: £nil), until 31 March 2009 at an interest rate of 3.72%.

Under the covenants relating to the facility the Company is to ensure that at all times the total borrowings of the Company do not exceed 30 per cent of the adjusted gross asset value. The Company met all covenant conditions during the year.

Further information regarding the facility is contained in note 22.

15 Creditors: amounts falling due after more than one year	**31 December 2008 £'000**	31 December 2007 £'000
Due to Manager, for incentive fee	**–**	822

16 Share capital

Equity share capital

At 31 December 2008 there were 72,282,273 Ordinary shares and 67,084,807 Restricted Voting shares in issue.

As at 31 December 2008, the total (Ordinary shares plus Restricted Voting shares) authorised share capital was 249,516,898 shares (2007: 249,516,898 shares).

On a winding-up of the Company, after paying all the debts and satisfying all the liabilities attributable to the Ordinary pool, Ordinary shareholders shall be entitled to receive by way of capital any surplus assets of the Ordinary pool in proportion to their holdings. In the event that the Ordinary pool has insufficient funds to meet all its debts and liabilities, any such shortfall shall be paid out of any surplus assets attributable to the Restricted Voting pool. Similarly on a winding-up of the Company, Restricted Voting shareholders shall be entitled to surplus assets of the Restricted Voting pool, with any surplus assets attributable to the Ordinary pool funding any shortfall the Restricted Voting pool might have when satisfying the Restricted Voting share debts and liabilities.

16 Share capital (continued)

	31 December 2008 £'000	31 December 2007 £'000
Equity share capital		
Issued 72,282,273 Ordinary shares	**723**	723
Issued 67,084,807 Restricted Voting shares	**671**	671
	1,394	1,394

By a Management Warrant Agreement dated 26 July 2001 between the Company and Martin Currie Limited, the Company granted Martin Currie Limited warrants to subscribe for Ordinary shares. No consideration is payable for these warrants which entitle Martin Currie Limited to subscribe for up to 5.0 per cent. of the Ordinary shares in issue on 4 September 2001 (that is, to subscribe for up to 1,959,156 Ordinary shares).

The exercise price of these warrants is 129.94p per Ordinary share.

These warrants were intended as a long-term incentive and, subject to certain limited exceptions, will be capable of exercise at any time after 20 September 2009 if the performance criteria are met.

The warrants may not be exercised unless the performance of the Net Asset Value for the Ordinary Pool exceeds a benchmark Internal Rate of Return ('IRR') performance level over a 5 year period from September 2004. The IRR represents the compound annual rate of interest which, when applied to a series of future cash flows, results in a present value equivalent to the fully diluted Net Asset Value per Ordinary share at the date the warrants came into effect (the 'Start Date'). The IRR takes into account the movement in quarterly Net Asset Value from the Start Date to the date of calculation, with the relevant Net Asset Values being the Net Asset Value at the latest quarterly valuation prior to the Start Date and the Net Asset Value at the latest quarterly valuation prior to the date of calculation. The warrants may be exercised on a graduated basis as follows:

% IRR achieved on the Ordinary Pool	% of Ordinary Shares in Issue on 4 September 2001 available on Exercise of Warrants
11 to 11.99	1 to 1.99
12 to 12.99	2 to 2.99
13 to 13.99	3 to 3.99
14 to 14.99	4 to 4.99
15 and above	5

Early exercise of the warrants (subject to the benchmark IRR target being achieved) will be permitted in the event that the Company is taken over or a resolution is presented for its winding up. The Board will also have discretion to permit early exercise of the warrants in other circumstances that the Board considers exceptional.

At 31 December 2008, the IRR achieved from September 2004 was 17.2 per cent and therefore the full 1,959,156 warrants are currently exercisable.

Notes to the Financial Statements (continued)

17 Reserves

	Share Capital	Special Distributable Capital Reserve	Special Distributable Revenue Reserve	Capital Redemption Reserve	Capital Reserve	Revenue Reserve	Total
At 31 December 2007	1,394	40,000	38,363	664	117,470	1,017	198,908
Exchange differences	–	–	–	–	(4,903)	–	(4,903)
Gain on disposal	–	–	–	–	7,777	–	7,777
Decrease in holding gains	–	–	–	–	(10,602)	–	(10,602)
Management fees charged to capital	–	–	–	–	216	–	216
Finance costs charged to capital	–	–	–	–	(477)	–	(477)
Taxation charged to capital	–	–	–	–	74	–	74
Net revenue for the year	–	–	–	–	–	748	748
Return of capital paid	–	(24,321)	–	–	–	–	(24,321)
Dividends paid	–	–	(671)	–	–	(1,178)	(1,849)
At 31 December 2008	1,394	15,679	37,692	664	109,555	587	165,571

Special Distributable Capital Reserve

The Special Distributable Capital Reserve is available for the Company to return capital to shareholders.

Special Distributable Revenue Reserve

The Special Distributable Revenue Reserve is available for the Company to return revenue to shareholders by way of special dividends.

Capital Redemption Reserve

The nominal value of shares bought back for cancellation is added to this reserve. This reserve is non distributable.

Capital Reserve

Items accounted for in this reserve are detailed in accounting policy 1(f).

Revenue Reserve

The net profit arising in the revenue column of the Income Statement is added to this reserve. Dividends paid during the year are deducted from this reserve.

Capital Management

The Company's capital is represented by the Issued Share Capital, Special Distributable Capital Reserve, Special Distributable Revenue Reserve, Capital Redemption Reserve, Capital Reserve and Revenue Reserve.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors.

18 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	31 December 2008 £'000	31 December 2007 £'000
Net return before finance costs and taxation	**(6,340)**	55,800
Losses/(gains) on investments	**2,825**	(57,141)
Exchange differences	**4,903**	1,343
Decrease/(increase) in accrued income and other debtors	**183**	(386)
(Decrease)/increase in other creditors	**(1,351)**	1,487
Net cash inflow from operating activities	**220**	1,103

19 Analysis of changes in net debt

	At 31 December 2008 £'000	Cash Flows £'000	Currency Movements £'000	At 31 December 2007 £'000
Cash at bank and on deposit	**4,436**	**(2,677)**	**1,291**	5,822
Revolving credit facility	**(33,838)**	**(27,644)**	**(6,194)**	–
	(29,402)	**(30,321)**	**(4,903)**	5,822

20 Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances, bank loans and liquid resources including debtors and creditors. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. From time to time the Company may make use of borrowings to fund outstanding commitments and achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

Quoted fixed asset investments held (see note 10) are valued at bid prices which equate to their fair values. Unquoted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 29. The fair value of the loan is not materially different from the carrying value in the Balance Sheet.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, interest rate risk, liquidity and funding risk, credit risk and foreign currency risk.

The Company held the following categories of financial instrument as at 31 December 2008:

	2008 £'000	2007 £'000
Financial assets		
Investment portfolio	**195,338**	194,581
Cash at bank and on deposit	**4,436**	5,822
Accrued income	**–**	648
Other debtors	**740**	141
Financial liabilities		
Revolving credit facility	**33,838**	–
Other creditors	**1,105**	2,284

Notes to the Financial Statements (continued)

21 Market risk

Market risk embodies the potential for both loss and gains and includes interest rate risk and price risk.

The Company's strategy on the management of investment risk is driven by the Company's investment objective as outlined on page 14. The management of market risk is part of the investment management process and is typical of private equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 2, 3, 4, 12 and 13. Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the main market. Some of that risk can be and is mitigated by diversifying the portfolio across business sectors and asset classes, and by having a variety of underlying private equity managers. New private equity managers are only chosen following a rigorous due diligence process. The Company's overall market positions are monitored by the Board on a quarterly basis.

0.7 per cent of the Company's investments are listed on recognised stock exchanges or traded on AiM. A 30 per cent increase in stock prices as at 31 December 2008 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £399,000 (2007: £902,000); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the year by an equal amount.

79.9 per cent of the Company's investments are in unquoted partnerships held at fair value. Valuation methodology includes the application of a Price/Earnings ratio derived from listed companies with similar characteristics, to which an appropriate liquidity discount is applied. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed exchanges. A 30 per cent increase in the valuations of unquoted investments at 31 December 2008 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £58,203,000 (2007: £45,179,000); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the year by an equal amount.

22 Interest rate risk

Some of the Company's financial assets are interest bearing, some of which are at fixed rates and some at variable. As a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The Company held no fixed interest investments at 31 December 2008.

	2008 £'000	**2008 average interest rate**	**2008 average period until maturity**	2007 £'000	2007 average interest rate	2007 average period until maturity
Fixed interest portfolio	–	–	–	40,979	5.0%	0.18 years

The fixed interest portfolio at 31 December 2007 consisted of UK gilts which matured during the year ended 31 December 2008.

22 Interest rate risk (continued)

Floating rate

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency.

On 30 April 2007 the Company entered into a five year £40 million multi currency revolving credit facility with The Royal Bank of Scotland. At 20 April 2009 the amount of the facility that was drawn down was £32.5 million.

The Company held the following floating rate instruments at 31 December 2008.

	2008 £'000	**2008 average interest rate**	**2008 average period until maturity**	2007 £'000	2007 average interest rate	2007 average period until maturity
Multi currency revolving credit facility	**33,838**	**3.72**	**0.25 years**	–	–	–

An increase of 25 basis points in interest rates as at the reporting date would have increased the multi currency revolving credit facility payable by the Company and the total profit for the year by £846,000 (2007: nil). A decrease of 25 basis points would have had an equal but opposite effect.

23 Liquidity and funding risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's listed securities are considered to be readily realisable.

Flexibility is achieved where necessary through the use of the revolving credit facility as described above.

At 31 December 2008 the Company had capital commitments of £158.4 million (see note 11). The Company does not expect to exceed its revolving credit facility, but is exploring several options with a view to ensuring that it will meet its commitments comfortably as they are called. These include raising additional funds, the disposal of certain non-core assets and the reduction of certain commitments.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Report of the Directors on page 16. The Company's overall liquidity risks are currently monitored on a weekly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Contractual maturity analysis for financial liabilities

	One month £'000	One and three months £'000	Three and twelve months £'000	Between one and five years £'000	After five years £'000	Total £'000
Current liabilities:						
Other creditors	(134)	–	(971)	–	–	(1,105)
Revolving credit facility	(100)	–	(32,938)	–	–	(33,038)
Total liabilities	**(234)**	**–**	**(33,909)**	**–**	**–**	**(34,143)**

The revolving credit facility liability above is less than the balance sheet liability at 31 December 2008 due to currency movements in the period after the year end.

Notes to the Financial Statements (continued)

24 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2008	2007
	£'000	£'000
Investments in fixed interest instruments	**–**	40,979
Cash and cash equivalents	**4,436**	5,822
Interest, dividends and other receivables	**740**	789
	5,176	47,590

Credit risk on unlisted investments is considered to be part of market risk as disclosed in note 21.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are traded on a recognised exchange are held by Northern Trust ('NT'), the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports.

Substantially all of the cash held by the Company is held by NT. Bankruptcy or insolvency of NT may cause the Company's rights with respect to the cash held by NT to be delayed or limited. The Board monitors the Company's risk by reviewing regularly NT's internal control reports as previously described. Should the credit quality or the financial position of NT deteriorate significantly the Manager would move the cash holdings to another bank.

There were no significant concentrations of credit risk to counterparties at 31 December 2008 or 31 December 2007.

25 Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Company's policy to hedge this risk on a continuing basis but it may do so from time to time.

Foreign currency exposure:

	2008	**2008**	**2008**	2007	2007	2007
	Investments	**Cash**	**Borrowings**	Investments	Cash	Borrowings
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
US Dollar	**34,234**	**360**	**–**	28,986	61	–
Euro	**84,163**	**–**	**(35,000)**	55,354	–	–
Norwegian Krone	**592**	**–**	**–**	–	–	–
Total	**118,989**	**360**	**(35,000)**	84,340	61	–

If the value of sterling had weakened against both of the currencies in the portfolio by 5 per cent, the impact on the profit or loss would have been positive £4.3 million (2007: positive £4.2 million). If the value of sterling had strengthened against both of the currencies in the portfolio by 5 per cent, the impact on the profit or loss would have been negative £4.3 million (2007: negative £4.2 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole.

Notice of Annual General Meeting

Notice is hereby given that the Tenth Annual General Meeting of F&C Private Equity Trust plc will be held at the offices of F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU, on 26 May 2009 at 12 noon to transact the following business.

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors, the Auditors' Report and the financial statements for the year ended 31 December 2008.

2. To approve the Directors' Remuneration Report for the year ended 31 December 2008.

3. To elect Mark Tennant, who retires at the first Annual General Meeting following his appointment, as a Director.

4. To re-elect Douglas Kinloch Anderson, who retires by rotation, as a Director.

5. To re-elect David Simpson, who retires annually, as a Director.

6. To re-elect John Rafferty, who retires annually, as a Director.

7. To re-appoint Ernst & Young LLP as auditors.

8. To authorise the Directors to determine the remuneration of the auditors for the year ending 31 December 2009.

and to transact any other Ordinary Business of the Company.

To consider and, if thought fit, pass the following resolutions as Special Business of the Company:

Special Resolution:

9. That the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the ''Act'') to allot equity securities (as defined in section 94 of the Act) pursuant to the authority conferred upon them at the Annual General Meeting of the Company in 2008 as if section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to the allotment of Ordinary shares having a nominal amount not exceeding £36,141 (being an amount equal to 5 per cent. of the total issued Ordinary share capital of the Company as at 20 April 2009, being the latest practicable date before the date of this notice). Unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Special Resolution:

10. That the Company be and it is hereby authorised in accordance with section 166 of the Companies Act 1985 to make market purchases (within the meaning of section 163 of the said Act) of Restricted Voting shares and Ordinary shares, provided that:

    (a) the maximum number of Restricted Voting shares authorised to be purchased shall be 10,056,012;

    (b) the maximum number of Ordinary shares authorised to be purchased shall be 10,835,112;

    (c) the minimum price which may be paid for a share shall be 1p;

Notice of Annual General Meeting (continued)

(d) the maximum price exclusive of expenses which may be paid for a share shall be not more than the higher of (i) 5 per cent. above the average of the market value of an Restricted Voting share (if a Restricted Voting share is being purchased) or of an Ordinary share (if an Ordinary share is being purchased) for the five business days immediately preceding the date of purchase and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003); and

(e) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010, save that the Company may, prior to such expiry, enter into a contract to purchase shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board
F&C Investment Business Limited
Secretaries
80 George Street
Edinburgh EH2 3BU

20 April 2009

Notes

1. **This document is important and requires your immediate attention.** If you are in any doubt as to the action to be taken, you should seek personal financial advice from your independent financial advisor authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate independent financial advisor.

2. If you have sold or otherwise transferred all your shares in F&C Private Equity Trust plc, please forward this document, together with the form of proxy enclosed, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

3. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

4. Proxy forms must be lodged not less than 48 hours before the meeting with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Completion of the form of proxy does not preclude a member from attending the meeting and voting in person.

5. Pursuant to regulations 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determining the number of votes they may cast), members must be entered on the register of members at 6.00 pm on 24 May 2009. If the meeting is adjourned then, to be so entitled, members must be entered on the register of members 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a ''Nominated Person'') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

8. As at 20 April 2009 (being the last business day prior to the publication of this Notice) the Company's issued voting share capital consists of 72,282,273 Ordinary shares (carrying one vote each). Therefore, the total voting rights in the Company as at 20 April 2009 are 72,282,273 votes, in respect of the Ordinary shares only.

9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a ''CREST Proxy Instruction'') must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

How to Invest

As well as investing in F&C Private Equity Trust plc directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C.

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **F&C Investment Trust ISA**
  Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also transfer any existing ISAs (including former PEPs).

- **F&C Child Trust Fund ('CTF')**
  F&C is a leading provider of children's investment plans. Suitable for children born after 1 September 2002.

- **F&C Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2%. Government stamp duty of 0.5% also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

For more information on any of these products, please contact F&C's Investor Services Team:

Call us on **0800 136 420**

email at **info@fandc.com**

invest online at **www.fandc.com**

Existing plan holders' enquiry line
0845 600 3030

Calls may be recorded.

Or write to:

F&C
Freepost RLRY-LYSR-KYBU
Clandeboyne Business Park
West Circular Road
Bangor BT19 1AR

The information on this page has been approved by F&C Management Limited which is authorised and regulated by the Financial Services Authority ('FSA'). Stock market and currency movements may cause the value of shares and income from them to fall as well as rise and investors may not get back the amount originally invested.

F&C Private Equity Trust plc PROXY

Annual General Meeting*

I/We (name in full) ____________________
(BLOCK LETTERS PLEASE)

of (address in full) ____________________
(BLOCK LETTERS PLEASE)

being (a) member(s) of **F&C Private Equity Trust plc**, hereby appoint the Chairman of the meeting, or†

____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of F&C Private Equity Trust plc (the ''Company''), to be held at the offices of F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU on 26 May 2009 at 12 noon, on the following Resolutions to be submitted to the meeting and at any adjournment thereof.

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit or abstain.

Ordinary Resolutions	**For**	**Against**	**Vote Withheld**
1. To receive and adopt the Report of the Directors, the Auditors' Report and the financial statements for the period to 31 December 2008.			
2. To approve the Directors' Remuneration Report for the period to 31 December 2008.			
3. To elect Mr Tennant as a Director.			
4. To elect Mr Kinloch Anderson, who retires by rotation, as a Director.			
5. To re-elect Mr Simpson, who retires annually, as a Director.			
6. To re-elect Mr Rafferty, who retires annually, as a Director.			
7. To re-appoint Ernst & Young LLP as Auditors.			
8. To authorise the Directors to fix the remuneration of the Auditors for the year ending 31 December 2009.			
Special Resolutions			
9. To renew the Directors' authority to disapply statutory pre-emption rights.			
10. To renew the Directors' authority to buy-back shares.			
11. To call a general meeting other than an annual general meeting on not less than 14 clear days' notice.			

Signature ____________________

Dated this ____________ day of ____________ 2009

Notes

***Only Ordinary Shareholders are entitled to attend or vote at the Annual General Meeting.**

†You may, if you wish, in the space provided insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf.

In the case of a corporation, the proxy must be either under its common seal or under the hand of an officer.

In order to have effect, the proxy must be deposited at the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR at least 48 hours before the time of the meeting or any adjournment thereof together where appropriate with the power of attorney under which it is signed or a notarially certified copy of such power.

In the case of a joint holding, a proxy need only be signed by one joint holder. If more than one such joint holder lodges a proxy only that of the holder first on the Register will be counted.

Any alterations made in this proxy should be initialled.

Completion of a proxy shall not prevent a shareholder from attending the Annual General Meeting and voting in person should you decide to do so.

SECOND FOLD

RESPONSE LICENCE No.
Licence MB 122

2

Capita Registrars (Proxy Department)
PO Box 25
Beckenham
Kent BR3 4BR

FIRST FOLD

THIRD FOLD AND TUCK IN

Corporate Information

Directors

David Simpson (Chairman)
Elizabeth Kennedy
Douglas Kinloch Anderson
Robert Legget
John Rafferty
Mark Tennant

Investment Manager and secretaries

F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU
Telephone 0207 628 8000

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Bankers

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

The Royal Bank of Scotland plc
24-25 St Andrew Square
Edinburgh EH2 5NT

Association of Investment Companies (AIC)

AIC
9th Floor
24 Chiswell Street
London EC1Y 4YY
Telephone 020 7282 5555
website www.itsonline.co.uk

F&C Private Equity Trust plc is a member of the AIC.

Registered Office:

80 George Street
Edinburgh EH2 3BU
Tel: 020 7628 8000
Fax: 0131 225 2375

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone 0870 162 3100
website www.capitaregistrars.com