

# F&C Private Equity Trust plc

'Ordinary' Shares (as at 31 December 2009)



April 2010



**Hamish Mair**  
Fund Manager

## Trust aims

The continuation (Ordinary) shares' investment policy permits reinvestment of the proceeds of the realisation of assets, enabling shareholders to continue exposure to private equity investments.

## Trust highlights

- Anticipated superior returns relative to the quoted markets.
- Access to a well diversified portfolio.
- Manager's understanding and access to 'up and coming' funds.

## Average annual return

Compound average annual return figure over 5 years

7.08%

## Key details (31 December 2009)

Fund Type	Investment Trust
Launch Date †	2001
Total assets	£184.7 million
Share price(31 December 2009)	107.00p
NAV (diluted)	204.81p
Discount/Premium(-/+)	-47.8%
Dividend Payment Dates	Jan, Oct
Net dividend yield(31 Dec 09)	0.5%
Current gearing*	120.1%
Management fee rate**	0.90%
Total expenses (2009)	1.4%
Year end	31 Dec
Sector	Private Equity
Currency	Sterling
Website	www.fandcprivateequitytrust.com

## Standardised performance

	2009	2008	2007	2006	2005
<b>Fund</b>	41.7%	-59.3%	16.7%	17.8%	56.5%

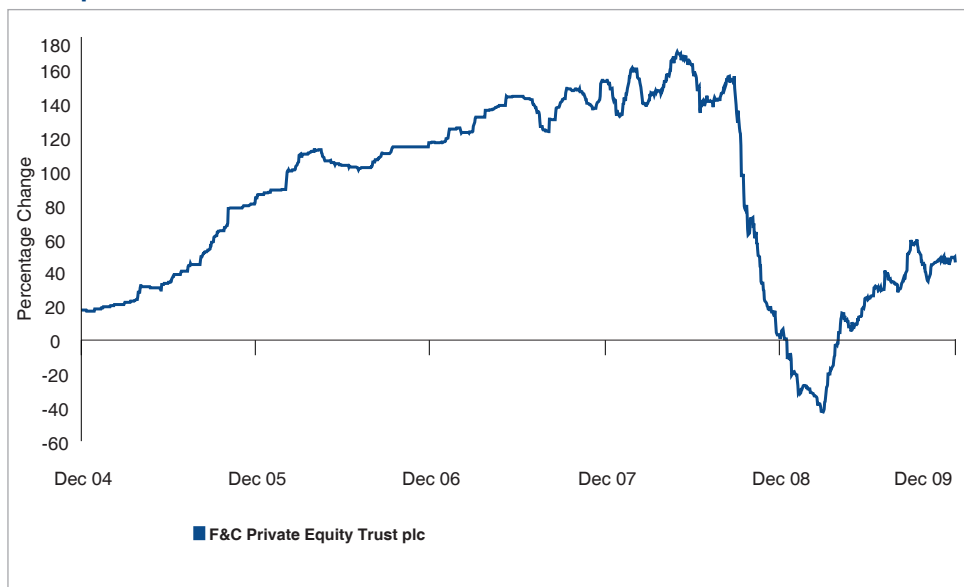
## Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
<b>Fund</b>	-1.8%	41.7%	41.7%	-32.7%	24.0%

Source: Datastream & Lipper. Basis: share price, percentage growth, bid to bid, net income reinvested. Basis in accordance to the regulations of the FSA.

Past performance is not a guide to future performance. The standardised performance table refers to 12 month periods ending 31 December. The cumulative performance table refers to cumulative periods ending 31.12.09.

## Fund performance



## Top ten holdings

Holding	% of net assets
Mezzanine Management Fund IV A	3.9%
Warburg Pincus IX	3.7%
Argan Capital LP	3.5%
August Equity Partners I	3.3%
Penta F&C Co-Investment Fund L.P.	3.1%
ICS Co-Investment	2.9%
Stirling Square Capital Partners II	2.9%
Accession Mezzanine II	2.7%
Candover 2005	2.6%
RJD Private Equity Fund II NPV	2.6%
<b>Total</b>	<b>31.1%</b>

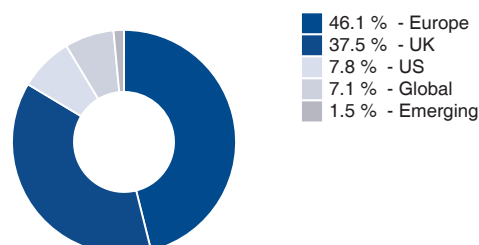
# F&C Private Equity Trust plc

'Ordinary' Shares (as at 31 December 2009)

Continued

April 2010

## Trust geographical breakdown (31 December 2009)



## Manager's commentary (31 December 2009)

The net assets of the ordinary share pool of the Company were £149.5m or 204.81p per share on a fully diluted basis, an increase over the quarter of 2.5% and over the whole year a decrease of 6.4%.

Following the successful ZDP issue in December the ordinary pool of company had net debt of £17.4m or 9.6% of total assets. With a completely undrawn banking facility of £40m the ordinary pool has 'dry powder' of £52.7m. At 31 December outstanding undrawn commitments to private equity funds amounted to £115m. There has been an improvement in the ordinary share price which at the time of writing stands at 130p, an increase since the beginning of 2010 of 29%. This places the shares on the still substantial discount to NAV of 32% which is nonetheless a considerable improvement on the situation of a year ago.

No new commitments to funds or co-investments were made during the quarter. The funds which are already in the portfolio continue to invest into a mixture of follow-on and new investments. Over the 4th quarter drawdowns totalled £5.1m, which is slightly down on the 3rd quarter. Full year drawdowns totalled £20.5m. Funds focusing on continental Europe accounted for the largest proportion of the quarter's drawdowns (£2.3m), whilst UK funds drew £1.3m, US funds £1m and emerging markets £0.5m.

During the quarter distributions totalled £10.5m. For the year as a whole realisations amounted to £34.8m. Of this £4.0m was accounted for by the sales into the secondary market of the fund's positions in Warburg Pincus X (£1.7m) and Montagu III (£2.3m).

The largest realisation was of Austrian industrial services company MCE to Bilfinger Berger which yielded £2.8m for F&CPET - a 3.8x investment multiple. In the UK, August Equity I concluded a fairly difficult investment in TV production company Hat Trick by exiting at a 1.6x multiple, returning £1.1m to F&CPET. In France Ciclad 4 returned £497k from the sale of Segilog (software for local authorities), an investment multiple of 2.4x cost and an IRR of 42%.

There were a number of substantial movements in valuation over the quarter. The largest individual uplift was for Stirling Square Capital Partners II (+£1.6m) driven by very strong trading performance of aerospace company Microtecnica. It has more than doubled profits since the investment 18 months ago. Mezzanine Management Fund IV has been uplifted by £0.92m. AIF Capital Asia III, which has several IPO candidates, was uplifted by £0.84m. August Equity I is increased by £0.73m as a result of the Hat Trick sale and good performances from other key holdings. In the US Warburg Pincus IX continues to have realisations and strong trading in a number of holdings leading to an uplift of £0.7m.

Among the co-investments notable uplifts include £0.73m for ICS which has traded well ahead of budget. An uplift of £0.4m was also made to Entec, the Close Brothers Growth Capital led environmental consultancy, prior to its sale to Amec plc in Q1 2010.

Downgrades include £0.6m decline in Hutton Collins II due to trading weakness in Everest (double glazing) and James Hull (dental practices). August Equity Partners II decreased by £0.8m mainly as a result of problems with precision engineering company Accura. Lastly two of the Stirling Square co-investments, 3SI (-£1.3m) and Whittan (-£2.4m), have been heavily reduced. In each case the private equity lead managers are working with management to restore value and there is every chance that these writedowns will be reversed in due course.

The company's mid-market portfolio as well as its considerable international diversification have stood it in good stead. The co-investment portfolio has also proven its worth. In general our portfolio remains very conservatively valued with an aggregate Enterprise Value to EBITDA ratio of approximately 6x. It is also not excessively geared at the level of the underlying company with aggregate debt to EBITDA ratio of approximately 2.7x. This valuation provides substantial scope for building equity value. This could be simply through debt retiral from cash flow or from sale to trade buyers, the stockmarket or other private equity funds. There is little evidence that our investment partners have been guilty of over paying for companies or encumbering them with too much debt during the pre-crash period and this should give us a good chance of delivering good growth in asset value once economic recovery becomes firmly established.

All data as at 31.12.09 unless otherwise stated.

All information is sourced from F&C, unless otherwise stated. † The B Ordinary Shares of F&C Private Equity Trust were created as a share class in 2001. \* Total assets / shareholders' funds. \*\*F&C Private Equity Trust Plc also has management warrants and a management incentive fee structure in place. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Stock market and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. The fact sheet is issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Services Authority (FSA). Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895.

## Trust codes

Sedol	
F&C PET - GBP	3073827