

Aim

The Trust's objective is to provide shareholders with growth in capital and income over the long term through investment in a diversified portfolio of UK equities. The Trust invests mainly in the shares of FTSE 100 companies, although its portfolio also includes some medium-sized and smaller UK companies.

Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

The Trust seeks to enhance returns for its shareholders through gearing, in the form of bank borrowings. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value.

History

The launch of the Trust in December 2001 followed offers to holders of Loan Notes issued by Lafarge Minerals Ltd (former shareholders of Blue Circle Industries PLC) and Shopgoal Ltd (former shareholders of Fairbar Ltd, which was de-merged from Whitbread plc), effectively to exchange their Loan Notes for Ordinary shares. In addition, Ordinary shares were available through a Placing and Offer for Subscription by Cazenove. The Trust has issued new shares on subsequent occasions at the planned wind-up dates of other quoted investment trusts and also in exchange for loan notes issued in cash takeovers.

Fund Manager's Review



Jeremy Thomas

The UK stock market showed impressive strength during March rising 6.3% over the month. All the losses from the brief correction in January have now been erased and the index finished the first calendar quarter of 2010 showing a healthy gain of 5.4%. The British Portfolio Trust marginally lagged the market during March, but outperformed for the quarter. This was despite the strength of mining stocks which we remain highly sceptical of and by consequence significantly underweight.

The recent performance of the mining sector (which is over 12% of the UK equity market) has been driven by a rapid rise in commodity prices, which are close to 2008 highs and in turn have been propelled by 3 important factors: Chinese infrastructure investment, recovering developing market economies and speculative investment flows. It seems likely that over the coming six months the impetus behind all of these factors will wane as interest rates rise in the US and China, economic leading indicators roll over, and 'carry trades' are unwound. The resultant fall back in commodity prices will reverse the earnings momentum in the mining sector prompting a sharp correction in the sector. It is also likely that this will occur against a more general backdrop of increased investor risk aversion and as a result a more pervasive set back in equity markets. As a result we continue to position the Trust conservatively with no gearing and a focus on defensive growth, large capitalisation dividend paying stocks. Such a correction would be a healthy development for a market that is now looking extremely overbought in the short term, but where valuations in some sectors and stocks remain attractive for long term investors.

Key Information

Total Assets:	£49.3m
Gearing (net):	0.4%
No. of Shares (Ordinary 1p):	32,953,820
Share Price¹:	137.5p
Net Asset Value²:	143.1p
Premium/-Discount to NAV²:	-3.9%
Dividend Yield²:	3.71%
No. of Holdings:	57

All data source RCM (UK) Limited as at 31.03.10 unless otherwise stated.

Launch Date:	December 2001
Continuation Vote:	2013
AIC Sector:	UK Growth
Benchmark:	FTSE All-Share Index
Year end:	31 October
Annual Financial Report:	Final posted in January, Half-yearly posted in July
AGM:	February
Dividends:	March, September
Price Information:	Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts
Board of Directors:	Andrew Barker (Chairman), George Luckraft, Nicholas Gold, Simon White
Investment Manager:	Jeremy Thomas, Director, UK Equity RCM A company of Allianz Global Investors
Investor Services:	020 7065 1407

¹Source: Lipper as at 31.03.10, market close mid price.

²Source: Datastream as at 31.03.10. Calculated using the latest full year dividend divided by the current share price.

³A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. It is the capital NAV that is shown, which excludes any income.

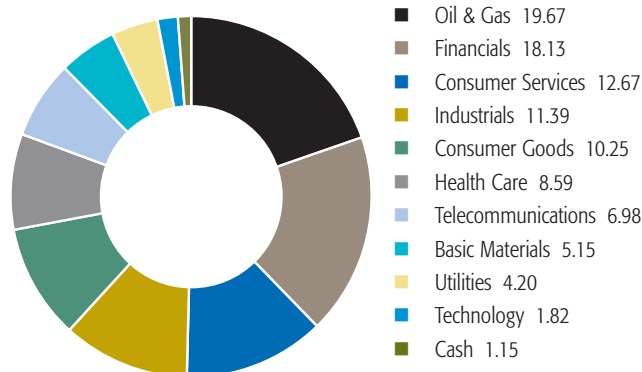
(Cont.)

During March we started a investments in Logica and Keller where, unlike many of the cyclical stocks in the market, the valuations do not yet reflect the improved economic outlook.

Top Ten Holdings (%)

Name	%
Vodafone Group	6.8
GlaxoSmithKline	6.7
Royal Dutch Shell "B" Shares	5.7
BP	5.7
HSBC	5.3
BG Group	4.5
Unilever	3.2
Compass	2.7
Cobham	2.6
Centrica	2.6
Total	45.8

Sector Breakdown (%)



Investing in the securities of smaller companies is likely to cause a higher degree of risk than investing in the securities of larger companies. There is also a risk of illiquidity for investments in smaller companies and unquoted stocks, i.e. they may not be easy to buy or sell.

How to Invest?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker.

RIC: BPO **SEDOL:** 3096169 **ISIN:** GB0030961691

Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website www.rcm.com/investmenttrusts or from the AIC at www.theaic.co.uk

Please note: Our Investment Trust Savings Plan was closed and transferred to Alliance Trust Savings on 29 February 2008. Alliance Trust can be contacted on 01382 573 737 or contact@alliancetrust.co.uk

RCM Advantage

RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to investment markets around the world through professionally managed portfolios. Each trust benefits from the expertise of the RCM fund managers yet, as a company listed on the London Stock Exchange, it is independent and is overseen by its own Board of Directors.

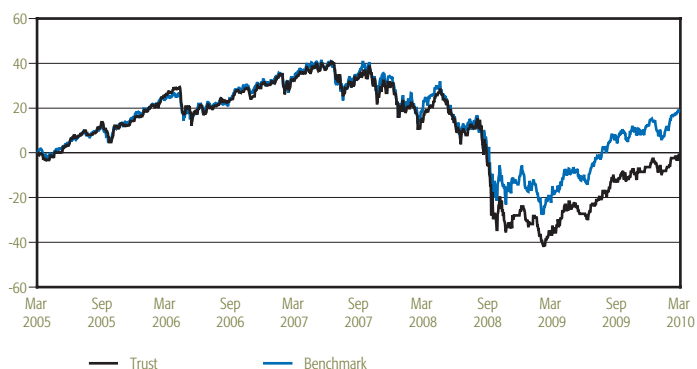
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as at 31.03.10 unless otherwise stated.

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Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	5.77	12.70	56.25	-25.37	-0.90
Benchmark	5.41	10.45	46.67	-11.36	18.41

Standardised Past Performance (%)

From	31.03.05	31.03.06	30.03.07	31.03.08	31.03.09
To	31.03.06	30.03.07	31.03.08	31.03.09	31.03.10
Share Price	25.59	5.74	-14.52	-44.13	56.25

Source: Lipper, percentage growth, mid to mid, capital return, to 31.03.10

Benchmark: FTSE All-Share Index

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

This investment trust charges 75% of its annual management fee to the capital account and 25% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result. Your capital could also decrease if income paid out of capital exceeds the growth rate of the trust.