

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

June was another tough month for the UK market, which fell 4.9% to record an 11.8% loss for the second quarter leaving the index down 6.2% for 2010 to date. British Portfolio Trust fell 5.4% (NAV total return) over the month which was disappointing, but remains 1% ahead of the market year to date. Stock selection was broadly neutral over the month with strong returns from Centrica and Reed Elsevier offset by not owning British American Tobacco or BSKYB. Modest gearing in the Trust accounted for some of the marginal underperformance.

With high levels of sovereign debt in the West and already low interest rates it is clear that a relapse into recession would be problematic for a financial system that is only just beginning to heal. Although some of the fears around economic growth are valid and we did not subscribe to the view of a swift and enduring economic recovery, nor do we think a 'double dip' recession is the most likely outcome. Investor sentiment has, however, collapsed from the euphoria of early April and pessimism is rife, leaving most companies in the market looking reasonably cheap if current profits can be sustained.

During June we continued to gradually reduce more defensive stocks in the portfolio such as Experian, Compass, Diageo and Associated British Foods that have been resilient and added to cyclically sensitive companies such as Rio Tinto and Wood Group. The most significant transaction was, however, to add to BP which in our judgement is now offering compelling value for long term investors. Whilst the ride may be uncomfortable in the short term and the newsflow undoubtedly troubling, we see substantial upside even assuming substantial costs of clean up, litigation and fines.

Key Information

Total Assets:	£44.0m
Gearing (net):	4.0%
No. of Shares (Ordinary 1p):	32,898,820
Share Price¹:	125.5p
Net Asset Value²:	125.0p
Premium/-Discount to NAV³:	0.4%
Dividend Yield²:	4.13%
No. of Holdings:	54

All data source RCM (UK) Limited as at 30.06.10 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), Nicholas Gold (Chairman of the Audit Committee), George Luckraft (Senior Independent Director), Simon White, Charles Worsley
Investment Manager:	Jeremy Thomas, CIO, UK Equity RCM A company of Allianz Global Investors
Investor Services:	020 7065 1407

¹Source: Lipper as at 30.06.10, market close mid price.

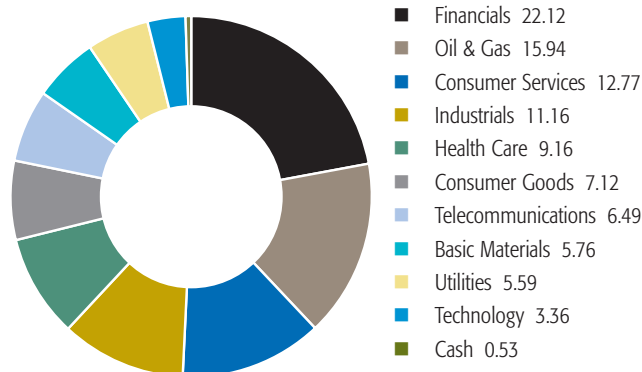
²Source: Datastream as at 30.06.10. Calculated using the latest full year dividend divided by the current share price.

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.

Top Ten Holdings (%)

Name	%
GlaxoSmithKline	6.8
Vodafone Group	6.3
HSBC	5.9
BP	4.6
BG Group	4.5
Unilever	3.4
Royal Dutch Shell 'B'	3.3
Rio Tinto	2.9
Reed Elsevier	2.5
Centrica	2.5
Total	42.7

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.

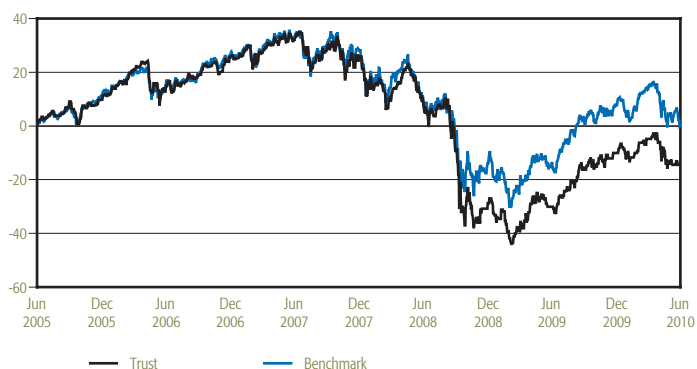
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as at 30.06.10 unless otherwise stated.

Issued by RCM (UK) Limited. Authorised and regulated by the Financial Services Authority. The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation and anyone who acts on it, or changes their opinion thereon, does so entirely at their own risk. The opinions expressed are based on information which we believe to be accurate and reliable, however, these opinions may change without notice.

Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-10.18	-5.00	22.28	-35.34	-14.53
Benchmark	-12.60	-7.87	17.10	-25.28	-0.65

Standardised Past Performance (%)

From	30.06.05	30.06.06	29.06.07	30.06.08	30.06.09
To	30.06.06	29.06.07	30.06.08	30.06.09	30.06.10
Share Price	14.88	15.06	-16.23	-36.88	22.28

Source: Lipper, percentage growth, mid to mid, capital return, to 30.06.10

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.