

2010

31 December 2009

## Aim

The Trust aims to achieve its objective by investing in mid-term endowment policies to provide capital growth over the planned life until the expected wind-up on 31st December 2010.

## 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.

## History

The Trust was launched in June 1998 as an efficient way for investors to participate in the mid-term endowment policy market, and has a wind-up date of December 2010. The Trust has invested in policies from a wide variety of UK life companies. These policies have been in force between 5 and 20 years, and will be held to maturity.

## Fund Manager's Review



Rupert Marlow

demutualisations.

The Net Asset value as at 31st December 2009 was 117.60p per share compared to 114.10p as at 30th September 2009.

As at 31st December 2009, the Trust had investments in policies valued at £19.6 million from a total of 30 with-profits funds. During the 3 month period to 31st December 2009, the Trust has received proceeds of policy maturities amounting to approximately £1 million. The average annualised return on these policies was 3%, excluding benefits arising from

## Key Information

<b>Total Assets:</b>	£26.2m
<b>No. of Shares (Ordinary 25p):</b>	22,325,000
<b>Share Price<sup>1</sup>:</b>	106.8p
<b>Net Asset Value<sup>2</sup>:</b>	117.6p
<b>Premium/-Discount to NAV<sup>3</sup>:</b>	-9.2%

All data source RCM (UK) Limited as at 31.12.09 unless otherwise stated.

<b>Launch Date:</b>	June 1998
<b>Wind-up Date:</b>	31 December 2010
<b>AIC Sector:</b>	Specialist Sector: Endowment Policies
<b>Benchmark:</b>	FTSE All-Share Index
<b>Year end:</b>	30 June
<b>Annual Financial Report:</b>	Final posted in September, Half-yearly posted in February
<b>AGM:</b>	November
<b>Price Information:</b>	Financial Times, The Daily Telegraph, <a href="http://www.rcm.com/investmenttrusts">www.rcm.com/investmenttrusts</a>
<b>Board of Directors:</b>	Richard Wales (Chairman), Christopher Smart, David Manning, Simon White
<b>Investment Manager:</b>	Rupert Marlow, Director RCM A company of Allianz Global Investors
<b>Investor Services:</b>	020 7065 1407

<sup>1</sup>Source: Lipper as at 31.12.09, market close mid price.

<sup>2</sup>Data as at 31.12.09. The Trust releases NAVs on a quarterly basis. Estimated NAVs are published in the Financial Times and by Datastream and are not produced by the Company.

<sup>3</sup>A 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.

## Potential GRY and EMV (as at 31 December 2009)

Share Price	106.75p
GRY (20% Rises*)	11.6%
GRY (current)	9.8%
GRY (20% Cuts*)	8.1%
GRY (50% Cuts*)	5.6%
GRY (100% Cuts*)	1.4%
EMV (20% Rises*)	119.1p
EMV (current)	117.2p
EMV (20% Cuts*)	115.4p
EMV (50% Cuts*)	112.7p
EMV (100% Cuts*)	108.2p

EMV = Estimated Maturity Value. GRY = Gross Redemption Yield. GRY is stated as a % figure and takes into account the price paid for the share and any capital gain or loss you might make on the share if it is held until the planned wind-up date of 31/12/2010. GRYs and EMVs are provided for illustrative purposes only and are in no way guaranteed and are estimates based on assumptions (including the maintenance of bonus rates) set out in the Annual Report. Maturity values may not necessarily fall within the estimated range given. No provision has been made for potential demutualisation proceeds in the future or winding-up expenses. Future bonuses will be influenced by future stock market returns. \*Assuming immediate cuts/increases from current bonus rates. This Trust does not pay dividends therefore no running yield figure has been shown.

## Projected Final Net Asset Values on Wind-up

(as at 30 September 2009 - latest NAV date)

120% Bonus Rates	119.1p
Current Bonus Rates	117.2p
80% Bonus Rates	115.4p
50% Bonus Rates	112.7p
No further bonuses	108.2p

The figure of 108.2p per share reflects the value of the guaranteed benefits which have already accrued to 31st December 2009 after the deduction of all projected expenses prior to winding-up on 31st December 2010, including premiums, borrowings and costs associated with them. Projected final net asset values are calculated using the principal bases and assumptions set out in the Annual Report which, inter alia, assume no further changes in the life office bonus rates other than those immediate cuts in reversionary and terminal bonuses stated above, current gearing levels and interest rates, no further demutualisation receipts or death benefits and no further purchases or sales of policies. These illustrations are given to provide an indication of the sensitivity of the projected final net asset value to bonus rate changes. They should not be taken as forecasts of particular degrees of change in rate levels.

## 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: AZD SEDOL: 0278175 ISIN: GB0002781754

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](http://www.rcm.com/investmenttrusts) or from the AIC at [www.theaic.co.uk](http://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](mailto:contact@alliancetrust.co.uk)

## Top Ten Holdings (%) (as at 30 Sep 2009 - latest NAV date)

Name	%
Standard Life	40.1
Legal & General	16.6
Scottish Provident	10.0
Scottish Widows	5.3
Friends Provident	3.0
AVIVA	1.8
Scottish Life	1.8
Prudential (Scottish Amicable)	1.4
National Mutual	1.3
Clerical Medical	1.0
<b>Total</b>	<b>82.3</b>

## Performance

### Five Year Trust Performance (%)



### Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	0.23	2.15	11.78	1.43	28.61
Benchmark	4.78	27.10	24.96	-14.30	14.52

### Standardised Past Performance (%)

From	31.12.04	30.12.05	29.12.06	31.12.07	31.12.08
To	30.12.05	29.12.06	31.12.07	31.12.08	31.12.09
Share Price	7.53	17.93	5.94	-14.35	11.78

Source: Lipper, percentage growth, mid to mid, capital return, to 31.12.09

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.

All data source RCM (UK) Limited as at 31.12.09 unless otherwise stated.

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