BRITISH PORTFOLIO TRUST PLC

30 December 2011 | Factsheet

informed RCM

Investment Rationale

British Portfolio Trust aims to provide growth in capital and income over the long term through investment in a diversified portfolio of UK equities. The broad range of sectors within the UK equity market helps achieve a balanced portfolio of stocks. Manager Jeremy Thomas takes full advantage of RCM's global research capabilities, as over half of the companies listed on the London Stock Exchange also derive profits from overseas.

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.

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

British Portfolio Trust (+0.8% NAV, capital only) performed in line with the market during December. There were few significant drivers of performance, but weakness in Tullett Prebon and Centrica offset by good returns from Petroceltic and continued relative strength in GlaxoSmithKline, which is the Trust's largest position both in absolute terms and by comparison with the FTSE All-Share Index.

A new investment in Britvic, the soft drinks company, was started during the month. Britvic is a relatively defensive branded consumer business, which has lagged the large cap staples stocks in recent months. Margins appear to be depressed by commodity cost phasing and weather has impacted sales, but both of these factors should become less of a concern in coming periods. The company is also on the cusp of launching Fruit Shoot in US which could create meaningful additional upside. Furthermore the 5.6% dividend yield and depressed valuation are attractive. This was funded from a reduction in the size of the investments in Barclays and Inmarsat where further analysis has reduced our conviction, despite the low valuations.

The outlook for 2012 is particularly opaque, and we would avoid making bold predictions about the outcome of the challenges facing the Eurozone, other indebted economies such as the US and the UK, or the extent of the slowdown in China. These risks are well known and the general positioning of investors is defensive. It is worth noting that the corporate sector is surprisingly healthy. Many companies have cut costs aggressively since the recession and have rebuilt their balance sheets as profits have recovered. In addition multinational companies, which make up a large part of the UK market, have been able to exploit growth opportunities in developing countries in contrast to the relatively tough home environment.

We continue to bias the portfolio towards high quality, attractively valued multinational businesses with strong balance sheets operating in relatively defensive or less cyclical industries such as pharmaceuticals, telecoms, utilities or household products. However, there do remain opportunities in other sectors, including selectively financials, whilst we also favour businesses with structural growth potential, for example those with exposure to emerging market consumers.

All data source RCM (UK) Limited as at 30.12.11 unless otherwise stated.

Performance (%)

Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	2.80	-8.54	-11.99	24.76	-29.20
NAV	6.47	-8.90	-8.91	30.68	-27.26
Benchmark	7.67	-7.71	-6.69	29.36	-11.29

Standardised Past Performance (%)

From	29.12.06	31.12.07	31.12.08	31.12.09	31.12.10
To	31.12.07	31.12.08	31.12.09	31.12.10	30.12.11
Share Price	0.00	-43.25	26.21	12.31	-11.99
NAV	-0.28	-44.18	30.15	10.23	-8.91
Benchmark	2.03	-32.78	24.96	10.94	-6.69

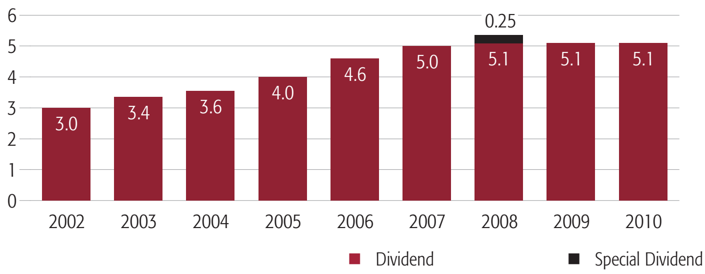
Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 30.12.11.

Benchmark: FTSE All-Share Index.

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.

Dividend History

Ten Year Net Dividend Record in Pence (to year end 31 October)



Net Dividends Paid (calendar year to date)

	Pay Date	Record Date	Payment
Final dividend	1.3.11	28.1.11	3.3p per share
Interim dividend	1.9.11	29.7.11	1.8p per share

INVESTMENT TRUST SPECIALISTS RCM SINCE 1889

Capital Structure

Total Assets:	£42.3m
Gearing (net):	1.9%
Shares in Issue:	28,944,268 (Ordinary 1p)
Share Price[1]:	128.5p
Net Asset Value[3]:	135.6p
Premium/-Discount to NAV[3]:	-1.9%
NAV Frequency	Daily
Dividend Yield[2]:	3.97%

1. Source: Lipper as at 30.12.11, market close mid price.
2. Source: Datastream as at 30.12.11. Calculated using the latest full year dividend divided by the current share price.
3. 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. It is the capital NAV that is shown, which excludes any income.

Key Information

Launch Date:	December 2001
Continuation Vote:	2013
AIC Sector:	UK Growth
Benchmark:	FTSE All-Share Index
Annual Management Charge:	0.50%
Performance Fee:[5]	0.75%
Total Expense Ratio:[4]	1.17%
Year end:	31 October
Annual Financial Report:	Final posted in January, Half-yearly posted in June
AGM:	February
Dividends:	March, September
Price Information:	Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts

Board of Directors:
Jonathan Cartwright (Chairman), Nicholas Gold (Chairman of the Audit Committee), George Luckraft (Senior Independent Director), Charles Worsley

Company Secretary	Peter Ingram
Investment Manager	Jeremy Thomas, CIO, UK Equity
Codes:	RIC: BPO SEDOL: 3096169 ISIN: GB0030961691

4. Source: Annual Financial Report - year ending 31 October 2011 (excluding performance fee)
5. Aggregate of base management fee and performance fee capped at 1.25%.

Risks & Features

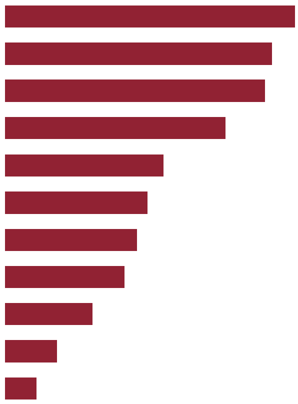
Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Portfolio Analysis

Top Ten Holdings	(%)		(%)
GlaxoSmithKline	7.5	HSBC	4.3
BP	7.0	Diageo	3.5
Vodafone	5.9	Tesco	3.4
Royal Dutch Shell "B" Shares	5.2	Rio Tinto	3.3
Unilever	4.7	Reed Elsevier	3.3
Total Number of Holdings			52

Sector Breakdown	(%)
Financials	16.47
Oil & Gas	15.18
Industrials	14.76
Consumer Services	12.52
Consumer Goods	8.99
Basic Materials	8.08
Health Care	7.50
Telecommunications	6.80
Utilities	4.97
Cash	2.94
Technology	1.79



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. 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 or from the AIC at www.theaic.co.uk

CONTACT US

To download the Annual Financial Report, Trust brochure or watch an interview with the fund manager, please visit us online at www.rcm.com/investmenttrusts

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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website: www.rcm.com/investmenttrusts

All data source RCM (UK) Limited as at 30.12.11 unless otherwise stated.