

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 Shoppoal 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 net asset value (total return) rose 8.5% during July, outpacing a strong FTSE Share which rallied 6.9%. The market's recovery in July offset the losses in June and leaves the index broadly flat year to date. The Trust benefitted from a bid for Dana Petroleum, the oil exploration and development company, and PartyGaming's announced deal with bwin Interactive Entertainment. Corporate activity is becoming more prevalent as low financing costs, cheap equity valuations and an improving outlook for corporate profitability encourage greater board room confidence. The Trust also benefitted from the June's purchases of BP, which rallied from an extremely oversold valuation on marginally better newsflow. Portfolio gearing, which averaged 7% during July, was a positive contributor to net asset value during the month.

The only new addition to the portfolio during July was Debenhams, the department store retailer. Although we remain somewhat wary of the outlook for the UK consumer, department stores tend to be reasonably defensive, the Company announced an attractive refinancing of its rapidly reducing debt and the valuation is highly appealing. We also added to Carnival, Travis Perkins and Keller during the month, funded from reductions to Wood Group, BG, Lancashire and, following the bid approach, Dana. The low headline valuation of equities and positive recent announcements on corporate profits are encouraging, but Federal Reserve chairman Ben Bernanke's characterisation of the economic outlook as "unusually uncertain" is germane. The result is a sustained heightened level of volatility as the market schizophrenically moves between a state of greed and fear. Over time an active approach to stock selection and the use of gearing should enable us to exploit the opportunities such volatility presents.

Key Information

Total Assets:	£46.2m
Gearing (net):	5.2%
No. of Shares (Ordinary 1p):	31,820,820
Share Price¹:	130.0p
Net Asset Value²:	133.9p
Premium/-Discount to NAV²:	-2.9%
Dividend Yield²:	3.92%
No. of Holdings:	56

All data source RCM (UK) Limited as at 30.07.10 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 30.07.10, market close mid price.

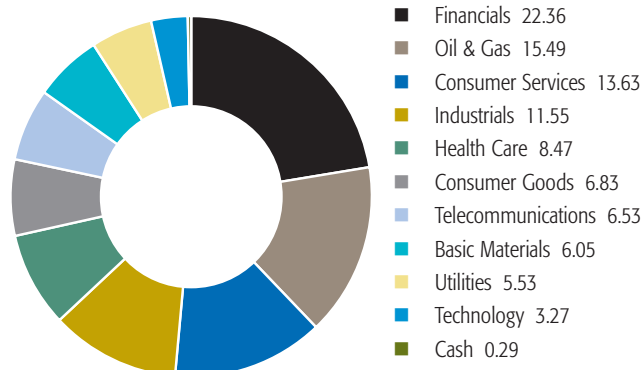
²Source: Datastream as at 30.07.10. Calculated using the latest full year dividend divided by the current share price.

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	%
Vodafone Group	6.3
GlaxoSmithKline	6.2
HSBC	5.8
BP	5.5
BG Group	4.0
Unilever	3.2
Royal Dutch Shell 'B'	3.2
Rio Tinto	3.1
Cobham	2.9
Reed Elsevier	2.6
Total	42.8

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.

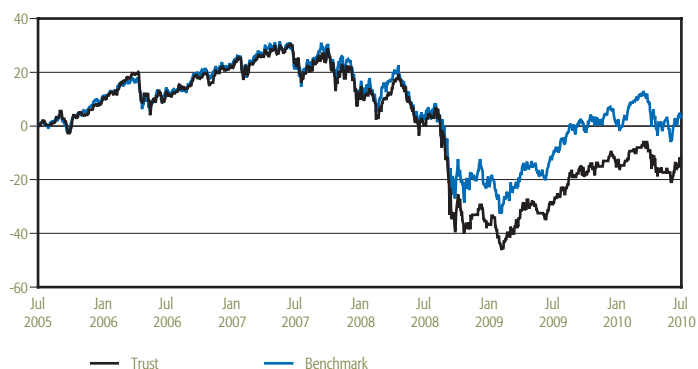
RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

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Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-4.06	1.96	22.64	-30.57	-13.04
Benchmark	-5.17	2.06	15.38	-17.44	2.67

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 30.07.10

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.