

26 May 2010

Alliance Trust Asset Management enters fixed income market with launch of Monthly Income Bond Fund

Alliance Trust Asset Management is launching its first bond fund on 15th June 2010 - Alliance Trust Monthly Income Bond Fund. Recognising the scarcity of opportunities to achieve a real income above inflation, our new fund has been designed to invest in a diversified portfolio of predominantly UK, high quality, corporate bonds, while at the same time allowing the managers to protect investors against a rising interest rate environment. This portfolio is highly liquid and at launch is expected to generate an annualised income yield of 6.3%, payable on a monthly basis.

The fund will be co-managed by Gareth Quantrill and Stuart Steven, working closely with Rod Davidson and Stuart McMaster. The team have over eighty years' combined experience of managing fixed income funds and have won many industry awards. All members have held key positions within fixed income and credit at major fund management groups, such as Scottish Widows Investment Partnership, Henderson and Aberdeen Asset Management.

The fund is being launched with £100m and aims to deliver an attractive level of income while achieving an element of capital growth. The fund is expected to outperform its benchmark (£iBOXX 5-15 year Corporate) because it is unconstrained by legacy positions, unlike most of its larger competitors.

Commenting on the fund, Rod Davidson, Head of Fixed Income at Alliance Trust Asset Management, said:

“In these tough and volatile market conditions, as experienced by the global markets over the last few years, and in particular these last weeks, investors looking to balance their portfolios would be wise to consider the inclusion of a bond fund that has the ability to protect capital and produce a consistent and attractive level of income. We believe that higher rated corporate bonds still

offer value, especially given the emergence of the global economy from recession and improving corporate results.

“Big is not necessarily best in the corporate bond sector. There are many great opportunities to be had in the credit market now – but only if you can match the market size and move quickly! As a new fund, we are not constrained by any legacy positions allowing us to be much more nimble with investment selections. This gives us a massive advantage over our competitors whose hands have been effectively tied by their illiquidity and capacity constraints.”

Edward Troughton, Managing Director at Alliance Trust Asset Management, said:

“With inflation above 3%, and investors seeing the net negative real returns from cash deposits, it is important for them to try to achieve reliable income from other sources. This fund has, therefore, been designed to offer tremendous opportunities for real income as well as potential capital growth.

“This launch represents our first bond fund launch with a hugely experienced and highly regarded fixed income team and is an extremely exciting time for Alliance Trust Asset Management. I am very pleased that we are launching this innovative new bond fund and believe that it will attract a large amount of interest”

The fund will be launched on 15th June 2010 and there is an offer period between 1st and 14th June. The fund can be bought directly from Alliance Trust Asset Management and is also available through the Alliance Trust Savings Platform.

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Fund Management Team

- **Rod Davidson** has been managing money, teams and businesses in the Global fixed income arena for over twenty years and brings a wealth of experience to Alliance Trust. Before joining Alliance Trust, Rod held similar posts at Scottish Widows Investment Partnership, Aberdeen Asset Management and Murray Johnstone. Rod started his career in 1987 as a bond economist with UBS-Phillips and Drew switching to a career in fund management with Sun Life Asset Management after a couple of years. He has served on various investment/strategy committees and executive management groups and specialised in managing global bond and currency portfolios. He has experience of managing large and small investment teams and has spent a significant amount of time on the road marketing various investment propositions. He joined Alliance Trust Asset Management in 2009.
- **Gareth Quantrill** brings 19 years' experience in fixed income products to Alliance Trust Asset Management. He began his career at Norwich Union in 1991 where he gained experience in credit analysis and corporate bond management. In 2000, he moved to Scottish Widows as an Investment Director. He was promoted to Head of Credit in 2004, responsible for all credit portfolios and managing a team of credit analysts and portfolio managers. In 2005 Gareth joined Henderson Global Investors as Head of Credit and a member of the asset allocation committee. In 2007 he re-joined Scottish Widows Investment Partnership as Head of Bond Product.
- **Stuart McMaster** has 30 years' experience in the investment industry and brings a wide range of experience in fixed income products to Alliance Trust Asset Management. Stuart started his career at Standard Life Assurance in 1980 and covered a number of roles before becoming an Investment Manager in the Fixed Income and Cash Management team in 1986. In 1992 he moved to Scottish Widows as a Portfolio Manager with responsibility for corporate bond management across a number of clients and the management of cash funds. During his time at Scottish Widows he assumed management responsibility as Head of Credit, moving on to become Head of Bond Fund Management and latterly to Head of Aggregate Bond Fund Management, where he was responsible for £8 billion of assets.
- **Stuart Steven** has been involved in managing multi-currency fixed income portfolios for over 20 years and has experience in managing teams and marketing fixed income funds. Following a period in the industry, Stuart joined Britannic Asset Management in 1994 and became Head of Corporate Bonds with responsibility for managing investment grade portfolios for retail and institutional funds. In 2000 he joined Legal & General as Director, Corporate Bonds where, until 2006, he managed a highly successful team of credit specialists managing multi-currency assets. He joined Scottish Widows Investment Partnership in 2008 as Investment Director, Credit & Absolute Return.

About Alliance Trust Asset Management:

Alliance Trust Asset Management provides financial intermediaries and institutional clients access to a range of core, long-term investment strategies that benefit from the group's 120 years' experience and history.

We currently offers five funds investing in North American equities, Japanese equities, Asia-Pacific (ex Japan) equities, European equities and a UK Equity Income fund. All are managed by highly experienced, close-knit investment teams and leverage existing, successful strategies within its parent company, Alliance Trust PLC.

The Alliance Trust Asset Management structure has all the benefits of an investment start-up together with the significant strength provided by its parent company Alliance Trust PLC.

Alliance Trust Asset Management is authorised and regulated by the Financial Services Authority, whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS, firm reference number 479764. Registered office: 8 West Marketgait, Dundee, DD1 1QN.

About Alliance Trust PLC:

Alliance Trust PLC is a self-managed investment company with investment trust status. A FTSE 100 company, it is the largest generalist UK investment trust by market capitalisation listed on the London Stock Exchange.