

Investment Objective and Policy

The Fund aims to produce a monthly income yield and the prospect of capital growth by investing in a portfolio of assets which comprises predominantly corporate bonds, and also includes government bonds, whilst at the same time actively managing the interest rate exposure of the Fund. The Fund pays interest distributions monthly.

The Fund holds investment-grade Sterling corporate bonds, government bonds, non-Sterling investment-grade corporate bonds and relevant derivative instruments. In addition the Fund may also invest from time to time in sub-investment grade bonds, covered bonds and preference shares. The Fund may also invest in collective investment schemes, other transferable securities and other debt instruments, cash and near cash deposits, warrants and money market instruments.

Past performance is not a guide to future performance. Your capital is at risk. You may not get back the full amount you invested.

Fund Overview

- The Fund is invested primarily in a diversified portfolio of investment grade companies, with a weighted average rating of A.
- Holdings are focused on bonds with a maturity of around 10 years.
- Holdings are focused on companies with strong free cashflow, robust balance sheets and managements that are committed to credible business strategies.
- Corporate bond valuations are attractive, supported by modest but nevertheless positive economic growth that is generally viewed as being positive for the asset class.
- Consistent with the Fund's strategy, interest rate risk (duration) remains underweight, reflecting the fact that gilt yields are close to historic lows and, in addition, do not reflect inflationary risks from expansionary monetary policy.
- Although further volatility is likely, corporate bonds are expected to produce attractive positive returns over the next twelve months.



CO-MANAGER OF THE FUND:
GARETH QUANTRILL



CO-MANAGER OF THE FUND:
STUART STEVEN

Cumulative Returns to 30 September 2011 (%)

Source: Financial Express; FTSE; Alliance Trust Asset Management

	One Month	Three Months	Six Months	One Year
Monthly Income Bond Fund:				
A Class Accumulation Shares	-4.4	-8.3	-8.2	-8.6
iBoxx Sterling Corporates (5-15 Y)*	-2.6	-2.9	-0.9	-1.8
Sector Average	-1.3	-1.1	0.3	-1.3

* Benchmark figures are based on the most recently available close of business price as at the Fund's valuation point on the relevant date.

Market Summary

- The Fund produced a negative return over the quarter, as corporate bonds weakened in line with the generic weakness in global risk assets.
- The Fund underperformed its benchmark over the quarter, due primarily to duration management and stock selection within the financial sectors.
- Government bond yields fell sharply over the quarter as economic data deteriorated and concerns over peripheral Europe escalated.
- Corporate profitability remains strong, with companies demonstrating a willingness to maintain a strong balance sheet.
- Over the quarter, corporate bonds significantly underperformed government bonds, with the bank and insurance sectors underperforming non-financials.

Fund Information (Class A Shares)

Co-Fund Managers:	Gareth Quantrill & Stuart Steven
Managed Fund Since:	14 June 2010
Launch Date:	14 June 2010
Fund Size:	£195.0m
No. of Positions Currently Held:	63
Net Distribution Yield:	6.5%*
Net Underlying Yield:	5.3%**
Structure:	OEIC
IMA Sector:	£ Corporate Bond
Benchmark Index:	iBoxx 5-15 Year Sterling Corporates
Minimum Lump Sum Investment:	Class A - £5,000
ISA Eligible:	Yes. Please refer to the Simplified Prospectus for further information.
Price Publication:	www.alliancetrust.co.uk/assetmanagement
Annual Management Charge (AMC):	Class A - 1.0%
Initial Charge:	Class A - 5%

Income

Accounting Dates:	31 Dec and 30 Jun
Income Allocation Dates:	31 Jan, 28 Feb, 31 Mar, 30 Apr, 31 May, 30 Jun, 31 Jul, 31 Aug, 30 Sept, 31 Oct, 30 Nov and 31 Dec

Identifier Codes

SEDOL:	Class A Net Income – B42RMS8 Class A Net Accumulation – B3T4T51 Class A Gross Income – B3RBD63 Class A Gross Accumulation – B3YNH26
ISIN:	Class A Net Income – GB00B42RMS80 Class A Net Accumulation – GB00B3T4T518 Class A Gross Income – GB00B3RBD631 Class A Gross Accumulation – GB00B3YNH260
MexID:	Class A Net Income – ATMTIH Class A Net Accumulation – ATMIBD Class A Gross Income – ATMTIC Class A Gross Accumulation – ATMTIB

Contact Details

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The Distribution Yield is higher than the Underlying Yield because the fund distributes coupon income and annual charges and any performance fees are charged to capital. This has the effect of increasing distributions and constraining the fund's capital performance

* The Distribution Yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the mid-market unit price as at, and is based on a snapshot of the portfolio as at, the date of the factsheet. It does not include any preliminary or annual charge. Investors may be subject to tax on distributions.

** The Underlying Yield reflects the annualised income net of expenses of the fund as a percentage of the mid-market unit price as at, and is based on a snapshot of the portfolio as at, the date of the factsheet. It does not include any preliminary charge. Investors may be subject to tax on distributions.

Alliance Trust Asset Management Limited is registered in Scotland No. SC330862, with its registered office at 8 West Marketgait, Dundee, DD1 1QN. It 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. Alliance Trust Asset Management does not give financial or investment advice. If you wish to invest, you should read the Simplified Prospectus including the Terms and Conditions document carefully, particularly the section on Risk Factors. The Simplified Prospectus and Full Prospectus are available by calling 0844 892 0349 or by writing to Alliance Trust Asset Management Limited, PO Box 23910, 12 Blenheim Place, Edinburgh, EH7 9AJ.

Investing for Generations – At Alliance Trust Asset Management, we offer a focused range of investment solutions to meet clients' needs. Managed by our experienced team of investment professionals using proprietary research, our unique long-term, high conviction approach to global investing has been tested and developed over generations through diverse market conditions. Furthermore, we benefit from the integrity, durability and strength of Alliance Trust PLC.

The Alliance Trust Monthly Income Bond Fund is available on the following platforms:



Risk Statement

The investments of the Fund are subject to normal market fluctuations. The value of investments and the income from them may fall as well as rise and is not guaranteed. Your capital is at risk. You may not get back the full amount invested. Past performance is not a guide to future performance. Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your shares are likely to fall. The Fund invests in a concentrated portfolio of investments which may make the fund more volatile than more broadly diversified bond funds. Where charges are deducted from capital this will increase distributable income by the amount charged and the capital of the Fund will decrease by the same amount. Accordingly, capital growth may be constrained or the amount of capital reduced. As the Fund invests overseas, changes in exchange rates may also result in the value of underlying investments and the income from them, going down as well as up.

The use of derivative instruments has the overall intention of generating a more consistent level of return through managing interest rate and currency risks. At times, though, the use of these instruments may lead to increased volatility and considerable fluctuations in prices and may affect the performance of the Fund