

ALLIANCE TRUST: DIVERSIFIED,

**HIGH-CONVICTION** 

Research shows that active equity managers add most value through a small number of their highestconviction positions.1 Yet, the performance of concentrated portfolios can

GIVING OUR INVESTMENTS THETIME TO FLOURISH It's been a tough year in stock markets: geopolitical turmoil, inflation, rapidly rising interest rates, and concerns that the knock-on effect will almost certainly send some economies into nasty recession, have caused markets to fall and anxieties to rise. During such times, investors tend to throw the baby out with the bath water: selling anything deemed remotely risky. And yet it's all too easily forgotten that stock market falls are part and parcel of normal market cycles, and that sitting tight during moments of anxiety is often the best strategy. Here, we look at why giving our investments the time to flourish is one of the most important concepts in investing.

also be highly volatile. The Alliance Trust portfolio mitigates this risk by blending together the best ideas of nine best-in-class.<sup>2</sup> Stock Pickers, each with different, complementary styles. We believe our diversified, high-conviction, global equity strategy should deliver more consistent outperformance and lower volatility than a strategy run by a single manager. Returns from single-manager strategies are often prone to sharp up and down moves; we aim to provide investors with a smoother ride.

Then we get into stock market investing – buying into the shares of companies. As broadly the riskier of the asset classes, price swings can at times be fairly wide. It's why there's the potential for greater gains, but also greater losses, therefore setting a much longer investing time horizon is wise, if we hope to avoid being in the red with our investments when it comes to selling them. Understanding that it can be a bumpy ride helps us to appreciate why during these times we need to hold on tight to our investments.

Setting a sufficient time horizon is the cornerstone of any successful investing strategy. Different assets come with different risks - the variation in returns we potentially receive - which means we must invest in the appropriate asset classes for the

Cash is viewed as fairly risk-free, so may be appropriate for nearer-term goals. Turning the dial up a bit, there are bonds, such as government and corporate bonds. Here, we see the risks increasing and therefore potential rewards or losses, so

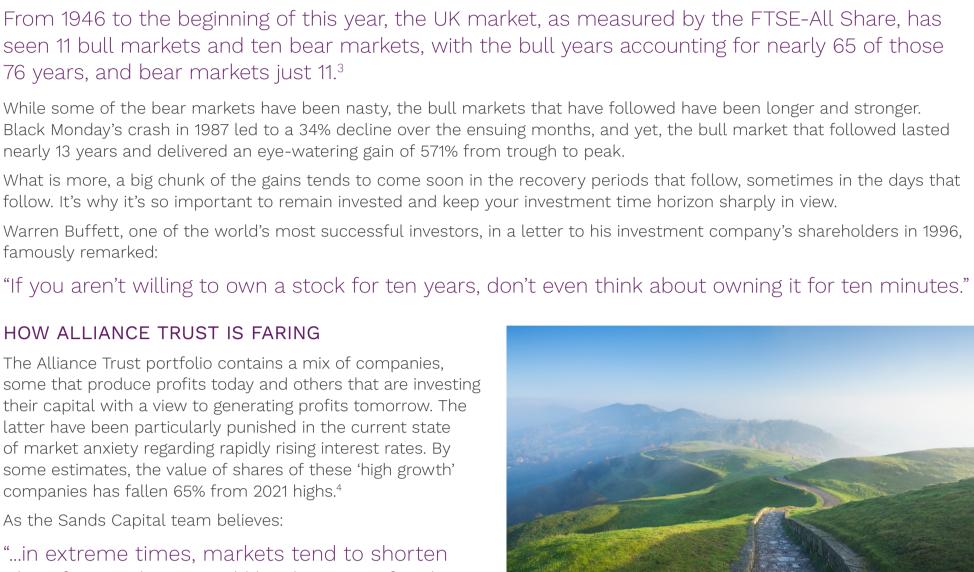
PICKING THE RIGHT HORSE FOR THE COURSE

a longer horizon is likely needed if we are to invest.

time horizons of our financial goals and the risks we are willing to take.

THE UPS AND DOWNS ALONG THE WAY Stock market values are a reflection of information, meaning that as news emerges that changes the operating environment for companies – be it regarding the economy, geopolitics, or at times, the businesses themselves or the sector they're in – markets will shift as they absorb the impact of that information and reflect it in the value of shares. As certain times, the news can be particularly grim, and falls may be hefty. History tells us that not only is this very normal, but economies and stock markets tend to recover, and that the ups and downs will almost certainly happen again and again as economies journey through their natural cycles. As a result, stock markets go through long periods where they rise, known as bull markets if gains are more than 20%,

and shorter periods where they fall, known as bear markets if falls are more than 20%.



road ahead." Sands Capital believes that this creates opportunities for stock pickers. By finding companies with strong fundamentals - the qualities that lead to business success - they will emerge stronger out of this volatile period, and thrive. By giving

Marcus De Silva, freelance investment writer

4. <a href="https://www.sandscapital.com/uncovering-long-term-opportunity/">https://www.sandscapital.com/uncovering-long-term-opportunity/</a>

**Connection** Defensives versus Cyclicals

**DEFENSIVES** 

CYCLICALS

WHERE'S THE

**CLEVER MONEY** 

**VERSUS** 

up almost 9%, cyclicals down over 10%.1

households.2

economic ship.3

very expensive energy price guarantee, which has now

But former Chancellor Kwasi Kwarteng's tax-cutting

into their own sooner than markets expect?

central banks achieving their targets," he says.

of the recession beginning.5

2. As rated by Willis Towers Watson.

their focus. They stand like deer transfixed by headlights, unable to look past the macroeconomic gyrations to see the

More widely, investment trusts have a long history of surviving and thriving out of recessions. This is because, unlike unit trusts, the money they invest is separate from the shares investors purchase in order to make an investment. It means that stock pickers aren't forced to sell assets at times when it is inopportune, enabling investment trusts to withstand market shocks and weather storms and invest for the long term. Since the first was launched in 1868, investment trusts have endured 12 economic LISTEN TO THE PATIENT downturns, including periods where inflation has been very high and growth lacklustre. **INVESTOR PODCAST** 

investments the time to flourish, this is how they generate wealth for investors over the long term.

In particular, if we look to the periods following the early 90s recession and the global financial crisis, the average investment trust produced a positive return within three years

Alliance Trust plc is a listed UK investment trust and is not authorised and regulated by the Financial Conduct Authority.

Markets are undeniably volatile, but it's at times like these we must be patient.

So, hang on - it may be a bumpy ride. But it's worth it in the long run.

1. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014.

3. https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/bear-and-bull-chart-uk-en.pdf

**5.** Source: AIC/Morningstar. Time for average investment company to recover losses is the amount of time until the average investment company permanently recovered the losses it suffered since the beginning of the recession This information is for informational purposes only and should not be considered investment advice. Past performance is not a reliable indicator of future returns. The views expressed are the opinion of the Manager and are not intended as a forecast, a guarantee of future results, investment recommendations or an offer to buy or sell any securities. The views expressed were current as at October 2022 and are subject to change. Past performance is not indicative of future results. A company's fundamentals or earnings growth is no guarantee that its share price will increase. You should not assume that any investment is or will be profitable. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. TWIM is the appointed Alternative Investment Fund Manager of Alliance Trust plc.

HEADING?

This year has been one to forget for most investors. Growth stocks on high valuations were sold off heavily

early in the year, as inflation bit and interest rates started to rise; since then, growing fears of recession mean cyclical stocks considered more susceptible to an economic downturn have also seen valuations

What should investors do, as they face up to the prospect of further tough and likely recessionary times ahead? Should they shelter their cash in resilient but relatively expensive defensive holdings? Or is there an argument that the threat of recession has been overdone, and this is a good opportunity to buy and hold dirt-cheap cyclical businesses that will come

MoneyWeek journalist Max King suggested in a recent newsletter that apocalyptic gloom is an

over-reaction.4 He expects only mild recessions globally, plus peaking inflation and interest rates.

"Ten-year bond yields of 3.8% in the US, 4% in the UK and 2% in Germany reflect confidence in

Certainly, those who might have been contemplating a switch from cyclicals into defensive stocks at this late stage have probably missed the boat, argues Joachim Klement, investment strategist at investment bank Liberum. "We don't think cyclical stocks will do well in the immediate future, because markets are in the process of pricing in a recession," he says.

year."

and into 2023."

plummet, as worried investors have taken refuge in defensive sectors such as consumer staples and utilities. Over the year to end September, the MSCI UK Value index is up over 4%, while UK Growth is down 11%; defensive sectors are Nor is there much sign of sentiment improving any time soon. True, inflation - currently hovering just above 10% - is likely to be brought to heel for a while by the government's Over the year to end September, the MSCI UK Value been extended to support non-domestic users as well as index is up over 6%, whilst UK Growth is down 11%; defensive sectors are up almost 9%, cyclicals down over 10%.1 expansionist mini-budget spooked the markets, and there is now much talk of interest rates rising to as high as 6% in the coming year, as the Bank of England attempts to steady the

> However, he believes that could change. "In September, our early warning indicators for cyclical stocks stabilised for the first time in 2022. If this continues for three months or so, we could have a strong signal to buy at the turn of the

Klement thinks that inflation will start to decline after the October hike in the energy price cap, and that cost pressures will then start to ease for companies and

He picks out companies such as hospitality chain

outcomes to current economic pressures. For many

consumers. That should enable cyclical companies to start to outperform. But again, he cautions, "that is not a story for the next couple of months but for the turn of the year

Whitbread, car marketing business AutoTrader and corporate outsourcing company Mitie, as examples of cyclicals that could see their fortunes improve in the months to come.

Of course, at a time of extreme uncertainty such as we're in at the moment, it's possible to argue for numerous potential

"KKR should be a relatively stable company because

committed capital with reliable fees,"

its business models involve long periods of locked-in,

**READ MORE** 

investment insights

Metropolis Capital

Microsoft has transformed itself from a company selling

infrastructure and Software as a Service (SaaS). In FY 2015, Microsoft's cloud revenue was \$5.8 billion, 6% of its total

revenue. In fiscal year 2022, cloud revenue was \$91.2 billion,

software licences to a leading player in public cloud

runway ahead of them and are expanding margins as

Our watchlist consists of nearly 200 high-quality

30% to 42% over that timeframe.

opportunity to add it to our portfolio.

Satva Nadella

Companies mentioned are for informational purposes only and should not be considered investment advice.

they grow. The gross margin on Microsoft's cloud revenue

has expanded from 45% in 2016 to 69% in 2022. This has

supported expansion of Microsoft's operating margin from

companies. We rate Microsoft as one of the highest quality.

WATCH THE LATEST STOCK PICKER INTERVIEWS

Why the name?

"Microsoft" is a merge of "microcomputer" and "software"

Veritas

—Asset

Management

Following a fall in the share price of over 30% from peak,

in June, we assessed that we could buy Microsoft at a

material discount to intrinsic value and have taken the

**READ MORE** 

INVESTMENT INSIGHT

investors, the issue is therefore more about hedging bets by adjusting allocations to different types of stock or fund within a balanced portfolio, rather than wholesale rotations. As far as individual value-focused fund managers are concerned, it's a similar story in many cases. Andrew McHattie, publisher of the Investment Trust Newsletter, explains, "Investors usually want to back a particular style, and are not seeking too much deviation from the manager." As a consequence, although the market falls have enabled some contrarian managers to pick up cheap cyclical stocks, these are likely to sit alongside more defensive holdings in their portfolios. "Few managers will swing meaningfully from one investment style to another as market conditions dictate," adds McHattie. Stuart Gray of Willis Towers Watson, who runs Alliance Trust's multi-manager portfolio, is highly circumspect about the idea of trying to make significant market calls around cyclicals, defensives or any other type of stock. "The current market is very interesting, but for us as long-term investors, time horizons are what's really important," he says. "If you're genuinely thinking long term about a company and its cash flows over the next ten years or so, you'll expect to price the ups and downs of an entire economic cycle - including a likely recession or downturn - into today's valuation. Whether that recession comes this year, next year or in five or ten years' time, doesn't necessarily matter that much, and it certainly shouldn't be a shock in terms of your investment strategy." That perspective is in sharp contrast to the short-term market response to economic events over recent weeks and months: when investors are really worried about the outlook, many simply jump on the bandwagon, sell out of holdings they

Such a response in turn raises interesting questions about what really constitutes a cyclical, economically vulnerable stock.

Gray gives the example of a US alternative asset manager called KKR in the portfolio of value-focused sub-manager Vulcan,

In contrast, a defensive consumer staples business such as PepsiCo can provide obviously stable cash flow and earnings. The Vulcan view is that PepsiCo is achieving only low single-digit growth, and it's quite expensive on a valuation of about 25

"Vulcan owns KKR even though there is perceived cyclicality in there, because it sees it as a much better long-term investment," explains Gray. "The market, on the other hand, has a short time horizon and just wants stability, so it is

"We do take account of these issues to some extent, but we're tweaking rather than making wholesale changes, and that's partly because getting such calls right is really, really hard," he says. It's also because we definitely want to take

Diversification is central to this strategy, however. A broad mix of investment approaches, styles and focuses inherent in the range of sub-managers running the different chunks of Alliance Trust portfolio, plays a crucial role in mitigating the ups and

focused managers, because some parts of the portfolio will always be performing relatively strongly," Gray adds.

The bottom line, when turbulence rules the roost, is that it's not worth even attempting to make macro calls. A balanced approach involves retaining exposure to cyclical and growth

businesses as well as defensives; canny investors will also be keeping an eye on oversold

"We do have some defensive holdings in consumer staples; we have some cyclicals and we have some growth exposure, so as a combined portfolio you get long-term opportunity without so much of the volatility experienced by some more

It's hard to ignore major market reactions completely, but the Alliance Trust approach, like that of other long-term asset managers, is to adjust allocations marginally rather than overhauling them radically. Thus, as overseer of a stable of best-inclass managers with widely divergent styles, Gray's job is to make risk-related adjustments to managers' portfolio allocations.

times earnings, whereas KKR has a growth rate in the mid-teens and is on a price/earnings ratio of about ten.<sup>5</sup>

long views on businesses, so we put up with market volatility to capture those long-term opportunities."

perceive to be vulnerable, and move their money into more-resilient, lower-risk alternatives or assets.

which aims to buy high-quality businesses when they are

"KKR should be a relatively stable company because its business models involve long periods of locked-in, committed capital with reliable fees," he says. "Vulcan

takes that view of the stock, but the market is treating it

as though it's very cyclical, perhaps because it views KKR as a leveraged play on volatile capital markets. Anyway, the share price is down around 35% this year, which is a lot considering its earnings have remained flat during that

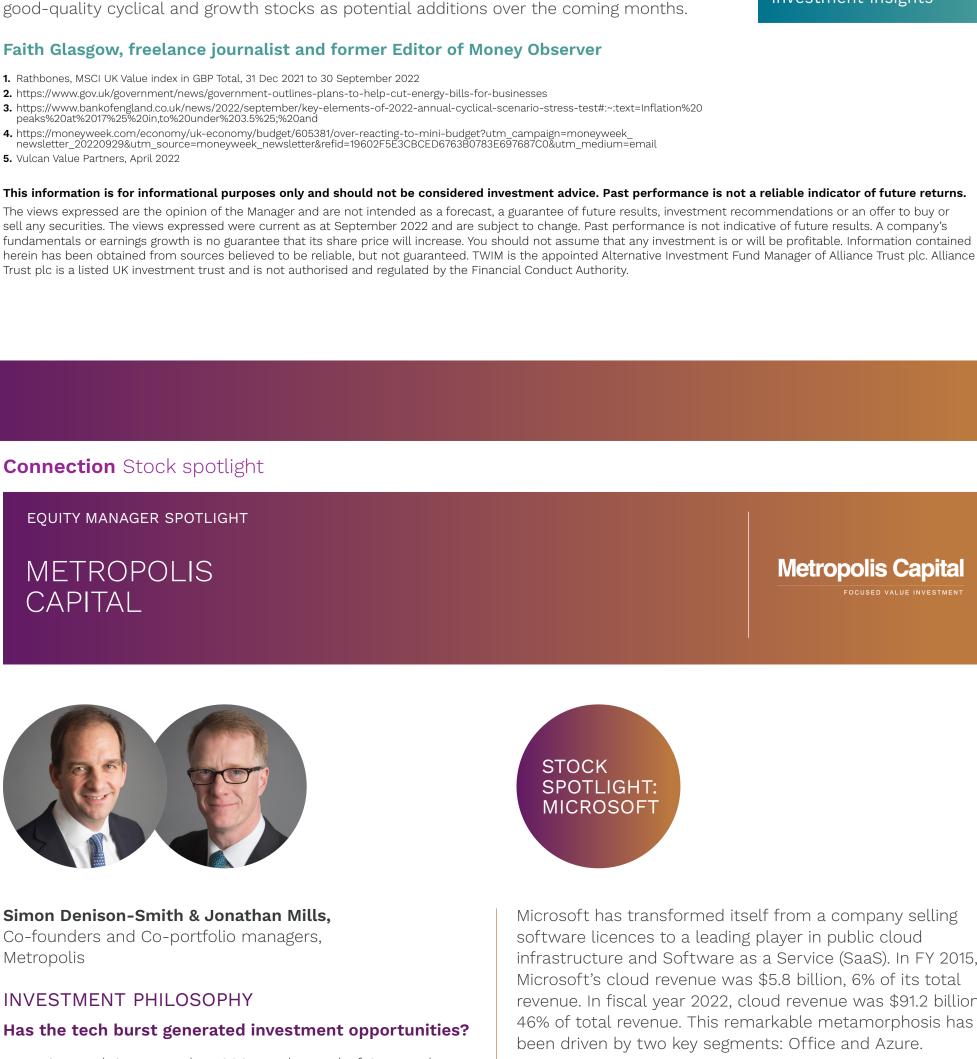
unloved and discounted.

time."

buying PepsiCo."

downs of the market.

Is the market selling down businesses, that on a longer time horizon are not particularly risky propositions?



simply presage a further decline. For example, camera and

social media company Snap's share price peaked at \$83 in

a decline of 45%. The stock has since hit a new low under

In contrast, we have sometimes found value opportunities

still lags reality. Whatever has happened to the share price,

fundamentals-driven analysis of the intrinsic value of the

business, based on comparing a conservative assessment of future cash generation against the current enterprise value.

We update the valuations of the companies in our portfolio and watchlist regularly, and always look for a wide discount between the intrinsic enterprise value and market enterprise

value before adding a position to our portfolio. This decision

\$168bn

Revenue

is taken with no regard to stock price history.

FAST FACTS ON MICROSOFT

**Connection** Stock spotlight

**EQUITY MANAGER SPOTLIGHT** 

**VERITAS ASSET** 

MANAGEMENT

INVESTMENT PHILOSOPHY

Andy Headley.

Veritas

Healthcare historically has been the best-performing

sector through inflationary periods, as companies tend

to have products/services that are more price-inelastic

(demand does not fall as much with price increases) due

to its critical nature. There are also three enduring trends

there is an expanding pipeline of new therapeutic classes

of drugs, time-to-market pressures, and a healthy funding

which makes the sector attractive. First, post-COVID-19,

environment aided by the boost in the advancement of

cost of mapping the human genome has reduced from

technology (eg success of the mRNA technology, and the

\$150,000 in 2007 to \$200 today). While it's difficult to know

which companies will develop the blockbuster drugs, the

outsource the testing, production and distribution of the

diseases with ageing populations. Within the US, the number

of adults aged 85 and older - the group most often needing

help with basic personal care - will nearly quadruple from

of the conditions that individuals are increasingly impacted

2000 to 2040. Heart disease, diabetes and myopia are three

products to aid these conditions are well positioned. And the third trend, is value-based healthcare. The first two trends mean greater cost for governments (payer mix changes as people stop work) and with it a shift in incentives (paid by result not service) and for the site of care (keeping patients

\$2.92bn

Revenue

"Bio Rad" is a merge of

"biochemicals and radio chemicals" - the company's first offerings

Over the third quarter of 2022, the Company's Total Shareholder Return and NAV Total Return were 2.4%

rates, risk of recession and market volatility. In the first half of the year, rising inflation and interest rates caused significant declines in equity markets particularly in long duration growth stocks, whilst energy stocks soared. However, near the end of June, optimism that inflation may have peaked in the US reversed this trend and gave rise to a significant market rally in the first six weeks or so of the third quarter. Growth stocks and cyclicals performed very strongly as commodities, financials and defensive sectors underperformed. However, concerns about inflation and recession continued as the US Federal

Reserve noted it was committed to restoring inflation back down to its 2 percent target and this would likely result in below trend growth and some pain for households and businesses. The earlier market rally reversed sharply over the following 6 weeks. In US dollar terms, the benchmark MSCI ACWI index finished the quarter down 6.7% having been up 7.0% at the end of July. However sterling depreciation towards of the end of September meant the benchmark return in sterling was up 1.4%

outperformed value stocks overall in the guarter despite the very strong rally in growth stocks early in the guarter followed by a significant decline. The overall strength of growth stocks supported SGA and Sands in particular. Jupiter and Veritas were the largest detractors to return for different reasons; the former due to exposure to more cyclical areas of the market

Energy stocks have continued to benefit the Company's performance on both an absolute and relative basis. The portfolio is slightly overweight the sector but strong stock selection within the sector was the key driver. One standout performer was Brazilian firm Petrobras, with the firm's share price up 36% over the quarter, as surging oil prices led to declaration in July of record dividend payments. Another standout performer in the Company's portfolio was another South American holding, Argentine e-commerce platform Mercadolibre, following better-than-expected Q2 earnings results, with the firm reporting a

where the market grew concerned about a recessionary slow down, and the latter resulting from more defensive stock

The third guarter has provided many new talking points, but mainly on now familiar topics. Namely, inflation, interest

In the Company's portfolio, SGA, Sands and Lyrical were the largest contributors to return. Growth stocks slightly

year-on-year earnings increase of 45%, beating analyst consensus expectations by more than 25%.

and 1.2% respectively, with the MSCI All Country World Index (ACWI) returning 1.4%.

labs need the equipment to perform the research and

drugs. The second trend is the prevalence of lifestyle

by and need treatment for. Companies that produce

out of hospital and treated at home/virtually).

FAST FACTS ON BIO-RAD

Founded 1952

for the quarter.

Q3 2022

Microsoft

Covestro

Keyence

**CBRE Group** 

ASML Holding

Bank of America

Kuehne + Nagel

International AG

Charles Schwab

Berkshire Hathaway

Head of Global Strategies,

Founded 1957

when a stock reaches new highs but market sentiment

we believe the key to sound investment selection is a

\$10. a further decline of almost 80%.

September 2021 and had declined to \$46 by December 2021,

46% of total revenue. This remarkable metamorphosis has been driven by two key segments: Office and Azure. From its peak in November 2021 to the end of September Office is the global leader in enterprise software, five to ten 2022, the tech-heavy Nasdaq composite index has declined times the size of its only real competitor, Google Workspace. over 30%, with many well-known constituents suffering There are now about 350 million commercial and 60 million much steeper declines: Meta, tech company NVIDIA, consumer subscribers to Office in the cloud, up from 60 Netflix, PayPal, Zoom, Spotify and Shopify are down more million and 20 million respectively in 2015. than 60% from their peaks to the end of September. So Azure is Microsoft's cloud computing platform, offering does the bursting of the tech bubble offer opportunities for software, platform and infrastructure products as a value investors such as ourselves? service. Azure is smaller than the market leader, AWS, but Although some of the declines may look tempting, such falls gaining share in a very large and rapidly expanding market. can sometimes give a false impression that a company may Office is growing annual revenues at over 10%, while Azure be a bargain and have downside valuation protection. If a is growing at over 40%. Both businesses have considerable stock is sufficiently overvalued to begin with, a large fall may

Headquarters

Redmond, Washington, US

STOCK

SPOTLIGHT:

The company's products essentially help accelerate the

timelines from discovery in the lab to the clinic and the

patient. There are two divisions. The first, Life Sciences,

adoption of the company's pioneering work in Droplet

material from a specific organism such as a virus (like

able to find DNA fragments, which can be compared

to searching for a needle in a haystack. The technique

is being used in applications such as a) gene and cell

therapy development and manufacture; b) in oncology,

both in diagnosis (via liquid biopsy) and in monitoring of

disease; c) non-invasive pre-natal testing; d) wastewater

control usage searching for ingredients or contaminants

in processed food. The second division is Clinical

**Norman Schwartz** 

Companies mentioned are for informational purposes only and should not be considered investment advice.

this business is highly recurring.

detection and monitoring of infectious diseases; e) quality

Diagnostics, which designs and manufactures in vitro test

kits and specialised quality controls that serve clinical

laboratories in the global diagnostics market. Revenue in

Headquarters

Hercules, California, US

Digital PCR tests (ddPCR). This business is growing in

The jewel in the crown of this division is the rapid

produces specialised tools needed for biological research.

strong double digits. PCR tests are used to detect genetic

COVID-19). A ddPCR is essentially more sensitive and more

BIO-RAD



Companies mentioned are for informational purposes only and should not be considered investment advice. Past performance is not a reliable indicator of future returns. BIGGEST POSITIONS SOLD AND ACQUIRED OVER THE QUARTER 10 largest net purchases – % of Equity Value of position 27.0 0.9 Advanced Micro Devices 8.0 24.9 0.7 20.5 18.2 0.6 18.0 0.6 0.6 17.7 17.5 0.6 0.6 17.2 0.4 11.7 0.3 10.9 UPDATE ON BUYBACKS At the AGM in April 2022, shareholders approved for the Company to purchase and cancel up to 14.99% of the issued share capital. In the period since the AGM to 30 September 2022, the Company purchased 7.2 million shares at a cost of £69.2 million. In this period, specifically on days when shares were purchased, the discount ranged from 4.4% to 8.6%, with an average discount of 6.2%.

10 largest net sales – Q3 2022 Philip Morris International Walmart Verizon Communications Newmont

Procter & Gamble 0.5 ExxonMobil 0.4 0.4 0.4 0.4 0.4 In the period from 1 January to 30 September the discount has ranged between 4.2% and 8.9% with an average of 6.3%, and in this period the Company purchased 13.9 million shares at a cost of £134.6 million and on days shares were The Trust continues to watch the discount closely, and will carry out further buybacks if the discount shows signs of This section contains important regulatory disclosures and risk warnings that are relevant to the material in this document. You should read this section carefully, as it is intended to inform and protect you. Towers Watson Investment Management Limited (TWIM) has approved this communication for issue to Retail Clients. Past The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange

portfolio sold

0.8

0.7

0.6

0.6

24.9

22.7

19.8

19.5

15.4

13.8

13.4

13.3

13.2

12.2

No investment decisions should be based in any manner on the information and opinions set forth above. You should verify all claims, do your own due diligence, and/or seek advice from your own professional adviser(s) before investing in any securities mentioned. The Alliance Trust Board has appointed Towers Watson Investment Management Limited (TWIM) as its Alternative Investment Fund Manager (AIFM). TWIM is part of Willis Towers Watson. Issued by Towers Watson Investment Management Limited. Towers Watson Investment Management Limited, registered office Watson House, London Road, Reigate, Surrey RH2 9PQ is authorised and regulated by the Financial Conduct Authority, firm reference number 446740. Past performance is not a reliable indicator of future returns. Notes: All data is provided as at 30 September 2022 unless otherwise stated. All figures may be subject to rounding errors. Sources: Investment performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc; key trades data is provided by BNYM Fund Services (Ireland) Limited. Equity portfolio return is the return achieved by the equity managers, and so includes the effect of any of their cash holdings (gross of their fees). Returns are quoted net of withholding taxes (some of which are potentially recovered at a later date) and therefore potentially underestimate the managers' relative performance.

Computershare Investor Services PLC, Edinburgh House, 4 North St Andrew Street, Edinburgh EH2 1HJ

Looking to areas where the Company's portfolio did less well, stock selection in the US was the main detractor from relative performance, in no small part to the shifting expectations of interest rates, inflation and the US dollar. Looking to specific stocks, the Company's significant underweights to Apple and Tesla were major detractors in the third quarter. The company's diverse collection of managers continue to believe that there are far more attractive investment opportunities than these two companies when taking a long-term view. Amongst stocks held by the Company, US communication services firm Charter Communications was a detractor to relative returns as the market grew concerned about slowing broadband subscriber growth. We have kept the Company's gross gearing level between 8-9% over the quarter, slightly below the 10% long-term target, as we remain cautious on the outlook for equities as markets continue to adjust to shifting expectations for inflation and interest rates. LEARN more about the latest portfolio price WATCH the JULY Investor Forum on-demand video here and performance here

exposures that lagged the market rally in the first half of the guarter.

Vmware Booz Allen Hamilton Barrick Gold Qorvo purchased, the discount ranged between 4.3% and 8.9% with an average of 6.4%.

**REGISTRARS** Our registrars are:

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address. You should also contact the registrars if you would like the dividends on shares registered in your own name to investment products, because they are shares in an be sent to your bank or building society account. You may check your holdings and view other information about Alliance Trust shares registered in your own name at computershare.com

consider consulting an IFA who specialises in advising on the acquisition of shares and other securities before acquiring shares. HOW TO INVEST CONTACT Alliance Trust PLC, River Court, 5 West Victoria Dock Road, Dundee DD1 3JT

**USEFUL** INFORMATION

rate fluctuations. Investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV), meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. This means that potential investors could get back less than the amount originally invested. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

widening significantly over a sustained period.

IMPORTANT INFORMATION AND RISK WARNINGS

performance is not a reliable indicator of future returns.

**Connection** Useful information

START your investment journey here

Tel +44 (0)1382 938320 investor@alliancetrust.co.uk alliancetrust.co.uk

SHARE INVESTMENT Alliance Trust PLC invests primarily in equities and aims to generate capital growth and a progressively rising dividend from its portfolio of investments. Alliance Trust currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products, and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream

investment trust. The shares in Alliance Trust may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should

There are a growing number of savings and investment platforms where you can purchase shares in Alliance Trust direct. They are primarily for investors who understand their personal attitude to risk and those related to equity-based products. SIGN UP here to receive further editions of our award-winning newsletter and factsheet