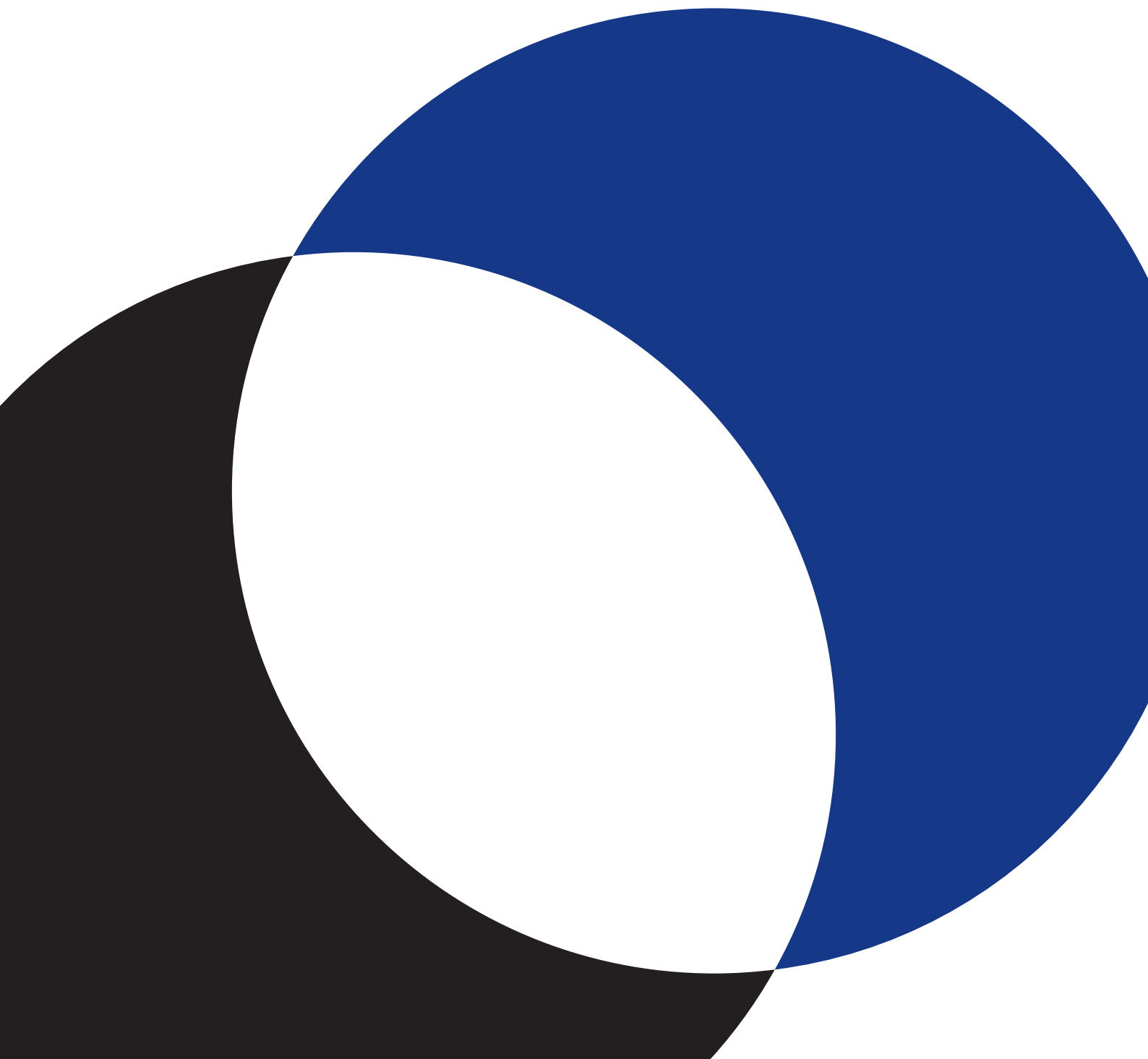


Guide to Funds

Investing in OEICs and unit trusts by retail investors
through Alliance Trust Savings Accounts

July 2009



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Important information

Under FSA rules, providers of OEICS and unit trusts ("Funds") are required to provide investors with information through a Key Features document or Simplified Prospectus.

We want you to have information that is current, up to date and specific to the investment decisions you want to make. The best source of information in this fast moving world is the current Simplified Prospectus or Key Features produced by and available from the relevant Fund managers.

Because we provide Funds through a "Funds Supermarket" service we are able to give generic information to you that clearly describes the difference between the types of Funds in this document. We back this up by offering you our own factsheet on each Fund and copies of the relevant prospectuses or Key Features Documents all on our website at www.alliancetrust.co.uk or you may ask us to send you copies.

The purpose of this document is to explain the interaction of OEICs and unit trusts you want to invest in through our Fund Supermarket and the advantages of purchasing a Fund through our Fund Supermarket rather than direct from the Fund manager. This document does not cover investment trusts which are public limited companies.

Our Accounts do not require you to purchase any particular investment or type of investment. You are responsible for all of your investment choices when you decide to purchase a particular OEIC or unit trust.

We are authorised and regulated by the Financial Services Authority (FSA).

We do not give advice. If you are unsure of what investments are suitable for you, you should seek advice from a professional adviser. If you ask your adviser to help you in your decisions, you will agree with your adviser who is responsible for what. Details of how to contact an adviser are available on our website www.alliancetrust.co.uk "Find an Adviser".

In this document, references to "Account" are to the Investment Dealing Account, Stocks and Shares ISA, Cash ISA, First Steps Account, Select SIPP, and Child SIPP.

What OEICS and unit trusts are available through our Fund Supermarket?

The Funds available through our Fund Supermarket change regularly to reflect our current offerings. You will find current details of the Funds available at www.alliancetrust.co.uk. Alternatively you may ask us to send you our most recent Fund Listings Booklet.

Investment Restrictions

Shares in certain funds are offered on the basis that they are not available to certain individuals, for example US persons or US residents. Certain funds (those that are Irish domiciled) are not available through our Fund Supermarket to Irish residents.

By giving us an instruction to purchase shares in any Irish fund you are deemed to confirm to us that you are not Irish resident or ordinarily resident.

Fund Discounts and Rebates

Our List of Funds are updated on a monthly basis and reflect the discounts and rebates available on funds at the time of printing. Please note that these are subject to change, by the individual fund providers, at any time.

Rebates are calculated by the fund provider over a period determined by them using their own method of calculation. This period of calculation may be monthly, quarterly, six-monthly or annually. Alliance Trust Savings will then allocate the rebate received on its total holding based on the value of units or shares held by individual clients and the period of holding. The value of any rebate received will be affected by any fluctuations in the value of funds over the period.

If you want to buy a Fund what should you do?

If you want to purchase an OEIC or unit trust you do not already hold through your Accounts you should:

- 1 Read the Simplified Prospectus or Key Features for your chosen investment. You will find them in our funds library at www.alliancetrust.co.uk or you can ask us for one.
- 2 Read this Guide to Funds.
- 3 When you instruct us to trade, online, by phone or by post, confirm to us you have taken account of the Simplified Prospectus or Key Features of the relevant investment.

If you have already bought into a Fund, and you are to buy more of that Fund then you should make yourself aware of any changes in the Fund before you tell us how much more you want to buy online, by phone or by post.

Part 1 – Our Accounts:

Your questions answered

What are the aims of the Accounts?

Each Account allows you to use our trading and investment tools.

We recognise that everyone has their own view on investment, so our Accounts are designed for you to make your own investment decisions. We do not require you to invest in any particular way. That's for you to decide. If you want investment advice you should use your own professional advisers.

Some Accounts are tax neutral, some tax advantaged or tax efficient.

In summary our:

Select SIPP and Child SIPP

- provide keenly priced, tax efficient self-invested personal pensions (SIPPs) to enable you to tailor your pension investments to suit your own risk and return requirements on a no advice basis.
- a dealing platform for investments.
- enable you to take pension benefits in the form of an annuity purchased from an insurance company and/or income withdrawal, and you may be able to take a tax free cash lump sum of up to 25% of the value of the pension.

Stocks and Shares ISA

- provides a low cost, tax efficient means of building up and holding a portfolio of investments through regular or lump sum payments to suit your own risk and return requirements on a no advice basis.
- allows you to subscribe to a stocks and shares and/or cash ISA.
- the cash ISA provides you with a tax free account for cash savings.
- the stocks and shares ISA provides a low cost, tax efficient means of building up and holding a portfolio of investments through regular or lump sum subscriptions.

Cash ISA

- provides a low cost, tax efficient means of building up and holding cash.
- the cash ISA provides you with a tax free account for cash savings.

Investment Dealing Account and First Steps Account

- provide a low cost means of building up and holding a portfolio of investments through regular or lump sum subscriptions or by the transfer of existing investments.
- enable you to tailor your portfolio to suit your own risk and return requirements.
- provide no tax advantages in themselves.

What is my commitment?

- There is no commitment on your part to make any payment or subscription to an Account and you can stop making payments at any time without penalty.
- You commit to make your own decisions on investment that you decide, taking the advice you think you need.
- Investments available through Accounts are normally regarded as long to medium term.
- the Accounts literature set out when you can take money from them.

What are the Risks involved?

The Accounts give you access to a wide range of investments. We take appropriate steps to ensure that your investments are held safe by us once they are held through an Account.

The value of your investment, and any income you may receive from it, can go down as well as up if conditions in the relevant markets change. You may not get back the amount you invested.

You should consider carefully the type of investment you wish to make and the risks involved. You are responsible for selecting and managing the investments, and the associated risks to which you are exposed.

There are a number of generic risks associated with each investment. These are standard risks that you should consider together with charges and expenses of each Account.

Some types of Funds have additional specific risks associated with them. You should read and ensure that you fully take into account the Fund's explanatory documentation and the specific risk factors before making any investment decisions.

Details of all the generic and specific risks can be found in the individual Simplified Prospectus or Key Features Document of each Fund produced by the relevant Fund managers.

Typical standard risks are:

Fund's risk profile

There is no guarantee that the Fund will achieve its investment objectives. You should be aware that market and currency movements may cause the value of the shares and any income from them to go down as well as up. You may get back less than you invested when you sell your shares. The capital return and income of the Fund are based on the capital appreciation and income of investments it holds, less expenses incurred. This means the Fund's return may fluctuate in response to changes in such capital appreciation or income.

Currency Fluctuations

Fluctuations in the rate of exchange between the currency in which the shares are denominated and the currency of investment may also cause the value of an investment in the shares to fall or rise.

Term of Investment

Investment in shares in the Fund should be regarded as a medium to long-term investment.

Past Performance

Past performance is not a guide to future returns. Investors may not get back the full amount invested, as prices of shares and the income from them may fall as well as rise.

Part 1 – Our Accounts:

Your questions answered

Profile of the typical investor

Funds are suitable for investors who see collective investment schemes as a convenient way of accessing investment markets. It is appropriate for retail investors who are prepared to meet defined investment objectives, who have experience of, or understand so-called “capital at risk” products and who are able to accept losses (should these occur). In particular, Funds are suitable for investors who can set aside capital for a period of at least five years.

Income to be distributed

Each Fund will determine the level of distribution of income they consider appropriate for the Fund.

What OEICs and unit trusts are available through your products?

The Funds available through our Fund Supermarket change to reflect our current offerings. You will find current details of the Funds in our Funds Library available at www.alliancetrust.co.uk. Alternatively you may ask us to send you our most recent list.

Why should I buy an OEIC or unit trust through one of your products?

Using our Accounts gives you access to quick and efficient tools to trade in investments. Our Accounts do not tie you to any one Fund provider. The volumes of purchases through us allow us to arrange better financial terms for our clients, than are otherwise available if buying directly. All discounts and rebates are set out in our Funds library available at www.alliancetrust.co.uk.

If you do buy a Fund through an Account, and you then decide you did not want to, you will be able to instruct us to sell all or part of your holding. As the price of the Fund depends on fluctuations in the financial market beyond our control, we do not offer cancellation rights.

How can I buy an OEIC or unit trust through an Account?

You can buy online, by telephone or by post once you have opened an Account. You will be asked when you buy a Fund if you have read the Fund literature; if you have not and you ask us we will send you the relevant Simplified Prospectus or Key Features Document.

What will the Accounts give me?

Full details of how our Accounts operate are detailed in our Handbook and Terms & Conditions.

Our investment services include:

- a wide range of investment choices available to you. Depending on the Account these include quoted and unquoted shares, investment trusts, gilts as well as OEICs and unit trust.
- Online, postal or telephone dealing.
- tax advantages through ISA, and Pension Accounts.
- innovative trading mechanisms.
- contribution or payment to Accounts by debit card, cheque, or direct debit mandate.

Where is uninvested cash held?

We hold your uninvested cash and any other cash which you place with us in a Account. Interest is only paid on uninvested cash held in your Deposit Account.

Current interest rates are available on our website or on request.

In whose name are investments registered?

In our nominee’s name.

Can I reinvest dividend income to purchase more of the same Fund?

Yes.

Can I withdraw income?

Yes, subject to any restrictions imposed by legislation and conditions of the Account. Please see our Handbook and Terms & Conditions for full details of how our Accounts operate.

Will I get acknowledgements and a certificate for the investments I have made?

You will receive a contract note each time you trade as well as regular transaction statements and valuations.

As investments are held through us normally in our nominee, certificates are not issued as you are not the legal owner but the beneficial owner.

Will I get a tax benefit from my Account?

This depends on the Account. The information in this document is based on our current understanding of taxation, legislation and HM Revenue & Customs practice, all of which may change without notice.

Select SIPP and Child SIPP

Basic rate income tax relief on contributions is credited to your Account when received. Higher rate taxpayers can claim higher rate relief from HM Revenue & Customs (HMRC). No tax credits can be claimed on dividend income but tax can be reclaimed on interest payments received net and is credited to your Account when received from HMRC. No capital gains tax liability arises in the pension in the Account. When you decide to take pension benefits, you may be able to take a tax free cash lump sum of up to 25% of the value of the pension.

When you take your benefits the pension payments you receive may be subject to income tax depending on your personal circumstances.

For further information on income withdrawal and its taxation, please refer to the income withdrawal Key Features.

Stocks and Shares ISA

No income tax relief is available on subscriptions but there is no income tax liability on withdrawals. No tax credits can be claimed on dividend income but tax can be reclaimed on interest payments received net and are credited to your Account when received. Interest paid on deposits in the Cash ISA is paid gross. Interest paid on cash deposits in the Stocks and Shares ISA is subject to a 20% flat rate charge paid to HMRC. This is not reclaimable. No capital gains tax liability arises in the Stocks and Shares ISA.

Investment Dealing Account and First Steps

There are no tax advantages to these Accounts.

You may be subject to income tax and/or to capital gains tax. Income on dividends is credited net of the tax credit (which cannot be reclaimed). Deposit interest is credited net of basic rate tax.

Gilt interest and interest on most fixed interest securities are credited gross. If you are required to complete a self assessment return, you will have to declare your Investment Dealing Account income to HM Revenue & Customs.

What happens if you alter or terminate a Account?

If changes are required by law or regulation, we need not give you notice but will inform you within a reasonable time. We will always try and give at least 14 days written notice of any other changes to be made. That notice will state what is to happen.

How do I stop payments to an Account, make withdrawals or close an Account?

You may stop payments at any time at no charge. If you stop payments, you can normally still deal with your investments in your Account. Except in the case of a Pension Account, where you must use the value of your pension Fund for pension

benefits, you can withdraw all or some of your investments and cash subject to the charges and instruction requirements. You can close an Account as set out in the most recent handbook and terms and conditions. For further information, please refer to our charges schedule.

What do you charge for my use of the Account Services?

You will be charged for the Services you use. Details of these charges are set out in our charges schedule.

How will charges and expenses affect my investment?

We levy our own transaction charges within each Account. Further information is in our charges schedule or on our website www.alliancetrust.co.uk

Does the Fund have its own charges?

Yes. We try and negotiate the best deal we can for clients, but the Fund provider will make charges for its investment and other services. All charges discounts and rebates are set out in our Funds Library available at www.alliancetrust.co.uk.

There are also other expenses to pay out of the Fund, such as depositary/trustee fees and the costs of dealing in the underlying assets of the Fund. Detailed information is available from the Funds Library.

Information on our charges, the managers charges and discounts and rebates are shown in our funds library available at www.alliancetrust.co.uk or from us.

What is the effect of the Account and Fund charges and expenses?

The effect of charges and expenses of the Fund provider is set out in the relevant Simplified Prospectus found at www.alliancetrust.co.uk or you can request a paper copy.

How much will any advice cost?

If you wish to take the advice of a professional adviser, they will give you details of the cost of their advice.

Do you keep any commission from OEIC or unit trust managers?

We will negotiate the best deals we can for our clients. We may receive commission payment out of the Manager's annual management charge. If we keep it we will tell you. In any case we will tell you what will happen before you buy into a Fund in the relevant factsheet. If we give all or some of it to our Clients we will tell you.

Details of all discounts and rebates are disclosed in the Fund Summary pages of the Fund Supermarket on our website and Funds Listings booklet.

How are complaints in relation to the Account dealt with?

A complaint should be made to us in the first place.

A complaint may be made in writing, by fax, email, telephone or in person.

The complaint should be addressed to:

Client Services Manager, Alliance Trust Savings Limited, PO Box 164, 8 West Marketgait, Dundee DD1 9YP.

Tel: 01382 573737 Fax: 01382 321183

Email: contact@alliancetrust.co.uk

We will acknowledge the complaint in writing to you. We aim to complete our investigation and issue a final response letter within the time periods set by the Financial Services Authority.

If you are not satisfied with the outcome of our investigation, you may be entitled to refer your complaint to:

The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR (tel: 0845 080 1800).

Part 1 – Our Accounts:

Your questions answered

Complaints made directly to the Financial Ombudsman Service will not be investigated without first being referred to us.

In the Select SIPP, Child SIPP, you may also be entitled to refer your complaint to the Pensions Advisory Service. Should the Pensions Advisory Service be unable to resolve the complaint then the matter may be referred to the Pensions Ombudsman.

Further information on this service is given in the Handbook.

Making a complaint will not affect your right to take legal proceedings. A leaflet giving details of how we handle complaints is available on request.

If the complaint is about the Fund itself, and you want to complain directly to the Manager, the complaints procedure will be explained in the Fund Simplified Prospectus.

Where can I find further information on compensation arrangements?

Your assets are held by us in a separate nominee or trustee to help keep your investments free from any creditor. Should we stop trading and cannot meet our obligations, we are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to seek compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000.

Further information about compensation arrangements is available from us or from the FSCS at www.fscs.org.uk or by phone on 020 7892 7300.

Part 2 – Your questions answered about OEICs and unit trusts

What is an OEIC?

An OEIC (open ended investment company) is a pooled investment vehicle that allows you to invest in a wide range of assets. OEICs are also called Investment Companies with Variable Capital (ICVCs).

An OEIC does not have a fixed share capital. The number of shares in issue depends on supply and demand for shares. The OEIC may be established with a number of separate Funds (known as sub-funds) within its structure.

Each sub-fund has a specific portfolio of securities to which each sub-fund's assets and liabilities are attributed. Each sub-fund invests in accordance with its stated investment objectives. The value of the shares is directly, and only, related to the value of the underlying investments. The manager of the OEIC is called the Authorised Corporate Director (ACD).

If I invest in an OEIC, how and when will the price be determined?

The price of a share in an OEIC Fund is calculated by dividing the net asset value of the Fund (sum of the assets less the liabilities) by the number of shares in issue. We purchase all Funds from the ACD on a forward pricing basis and the price is not known until the ACD values the Fund at the next valuation point.

When we deal on your behalf, the ACD may apply a dilution levy to the transaction. This may result in an increase in the price you pay or a reduction in the value you receive. If this levy is applied, it will not be separately identified on the transaction statement you receive from us.

The ACD also reserves the right to levy a charge to Stamp Duty Reserve Tax, which we may be required to pass onto you.

Who are the Managers and Depositaries of the available OEICs?

The Managers are legally responsible for the assets of an OEIC. A depositary is the person with whom the OEIC's assets are placed.

Where can I get copies of the OEIC Simplified Prospectus and report and accounts?

From our Funds Library or the ACDs.

Because we may have negotiated special terms with each ACD, terms in the documentation received from the Manager may differ from the terms in those Simplified Prospectus or Key Features.

What is a unit trust?

A unit trust is a pooled investment vehicle that allows you to invest in a wide range of assets. A unit trust does not have a fixed number of units. The number of units in issue depends on supply and demand. The value of the units is directly related to the value of the underlying investments.

If I invest in a unit trust, how and when will the price be determined?

The price of a unit in a unit trust is calculated by dividing the net asset value of the Fund (sum of the assets less the liabilities) by the number of units in issue.

We purchase all Funds from the unit trust manager (the Manager) on a forward pricing basis and the price is not known until the Manager values the Fund at the next valuation point. Selling and buying unit prices are calculated daily for each unit trust. Where there is no initial charge, the selling and buying prices will be the same. When the Manager is selling more units than are being repurchased for any particular trust, the prices are normally based on the costs of buying the securities in the unit trust. When more units are being repurchased for any particular trust, the prices are normally based on the costs of selling the securities. The maximum difference between the valuation methods is available from the prospectus or the Manager.

Who are the Managers and Trustees of the unit trusts?

The Manager and trustee are legally responsible for the assets of a unit trust.

Where can I get copies of the simplified prospectus and reports and accounts?

From our Funds Library or the Managers.

Because we may have negotiated special terms with each Manager, terms in the documentation received from the Manager may differ from the terms in those Simplified Prospectus or Key Features.

Where can I find the latest estimated yield and buying and selling prices for the available unit trust units?

In the Financial Times, from the ACD or managers or online at www.alliancetrust.co.uk.

How can I buy and sell unit trust or OEIC investments?

The dealing options and charges are in our Handbook and Terms and Conditions and Charges schedule.

When will the redemption proceeds be credited to my Account?

The proceeds will be credited to your Account by us within one business day of the day of sale. If you are withdrawing the proceeds, these will not be released until settlement proceeds are received.

What happens if the ACD or Manager alters or terminates the OEIC or unit trust?

If the ACD or Manager alters or terminates the OEIC or unit trust, we may not be able to deal in it on your behalf.

If the Fund is to be terminated, we shall let you know.

Part 3 – Content of Simplified Prospectus

What is a Simplified Prospectus?

OEICs and unit trusts are required by law to produce a Simplified Prospectus and revise it so that the information contained in it is current. You should read these.

We will provide electronic copies of the particular Simplified Prospectus for a Fund. A current listing is given through our funds library at www.alliancetrust.co.uk or you can obtain one from us by phoning 08000 326 323.

The Simplified Prospectus contains important information relating to the Fund, in accordance with revised European Union (EU) standards. It is often combined with a Key Features document.

What will I find in a Simplified Prospectus?

Each Simplified Prospectus will be different and they may appear to be quite complicated but you should find in each the following information:

1 Background to the OEIC or unit trust

You should be told:

- When it was created and which country it is registered or incorporated in;
- If there is more than one sub-fund or component of the Fund their names and what they are intended to do;
- the name and contact details of the operator;
- the expected period of existence of the scheme;
- the name and contact details of the depository;
- the name and contact details of the auditors;
- the name and brief details of the financial group (e.g. a bank) promoting the scheme

2 Investment information

You should be given a short description of the scheme's objectives including:

- a concise and appropriate description of the outcomes sought for any investment in the scheme;
- a clear statement of any guarantees offered by third parties to protect investors and any restrictions on those guarantees;
- if the Fund tracks an index, sufficient information to enable you to identify the relevant index or indices and to understand the extent or degree of tracking pursued;
- The Fund's investment policy, including:
- the main financial instruments it uses;
- whether the Fund has a particular strategy in relation to any industrial, geographic or other market sectors or specific classes of assets, e.g. investments in emerging countries' financial instruments;
- investment style (tracker or tactical asset allocation).

You should be given a brief assessment of the Fund's general and specific risk profile by investment component or sub-fund, including:

- disclosure of past performance including:
- if any element of the Fund is managed according to a benchmark, on the past performance of the Fund against that benchmark
- disclosure of cumulative performance:
- a profile of the typical investor the scheme is designed for.

3 Economic information

You will be given details of the Fund's applicable tax regime, any entry and exit commissions relating to the Fund and details of the Fund's other possible expenses or fees, including

- disclosure of a total expense ratio (TER),
- all entry and exit commissions and other expenses directly paid by the investor;
- an indication of all the other costs not included in the TER, including disclosure of transaction costs;
- as an additional indicator of the importance of transaction costs, the portfolio turnover rate, and
- an indication of the existence of fee-sharing agreements and soft commissions.

Please note if we have negotiated a special rate for our clients then these details may not be accurate for you. Full details of charges, discounts and rebates are to be found in our Fund Listings Booklet at www.alliancetrust.co.uk.

4 Fees and Charges

You should be given:

- information about "fee-sharing agreements" and 'soft commissions';
- identification of "fee-sharing agreements";
- presentation of TER and portfolio turnover rate.

5 Commercial information

The Simplified Prospectus should tell you:

- if there are sub-funds or components, an explanation of how to switch from one to the other and any charges applicable in such cases;
- when and how dividends on units or shares of the Fund (if applicable) are distributed; and
- when and where prices of units are published or made available;

6 Additional information

The Simplified Prospectus should give you

- a statement on the availability of the annual and half-yearly reports of the Fund which may be obtained free of charge;
- the name and contact details of the FSA;
- details of a contact where additional information may be obtained if needed;
- the date of publication of the Simplified Prospectus.



This literature is printed on paper made from trees grown in sustainably managed forests.

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ALLIANCE TRUST ASSET MANAGEMENT

ALLIANCE TRUST PLC

ALLIANCE TRUST SAVINGS

Alliance Trust Savings Limited is registered in Scotland No. SC98767; registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP; is authorised and regulated by the Financial Services Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS firm reference number 116115; gives no financial or investment advice. 09-304 (July 2009)