



Alliance Trust

A new investment approach

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The important information on pages 19 and 20 should be read in conjunction with this document.

Goals of the new approach

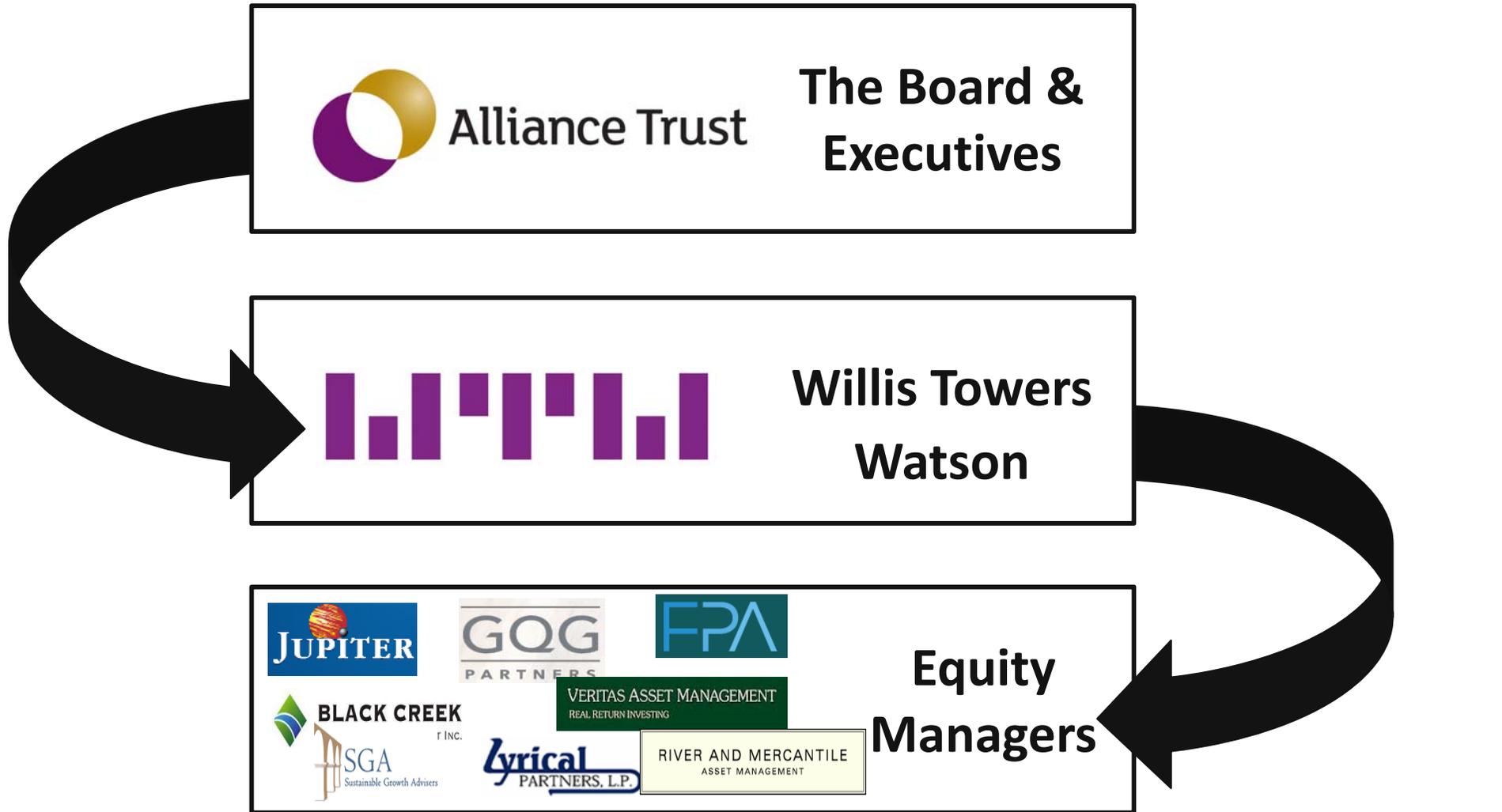
Consistent outperformance

At a competitive cost

Continuing the progressive dividend policy

'Best of the best'

The new investment structure



Why multi-manager



Why Willis Towers Watson



Access

Search the world for the **best** managers

Relationships

Persuade managers to run
'**best** ideas' portfolios



Scale

Bulk buying power to deliver cost savings



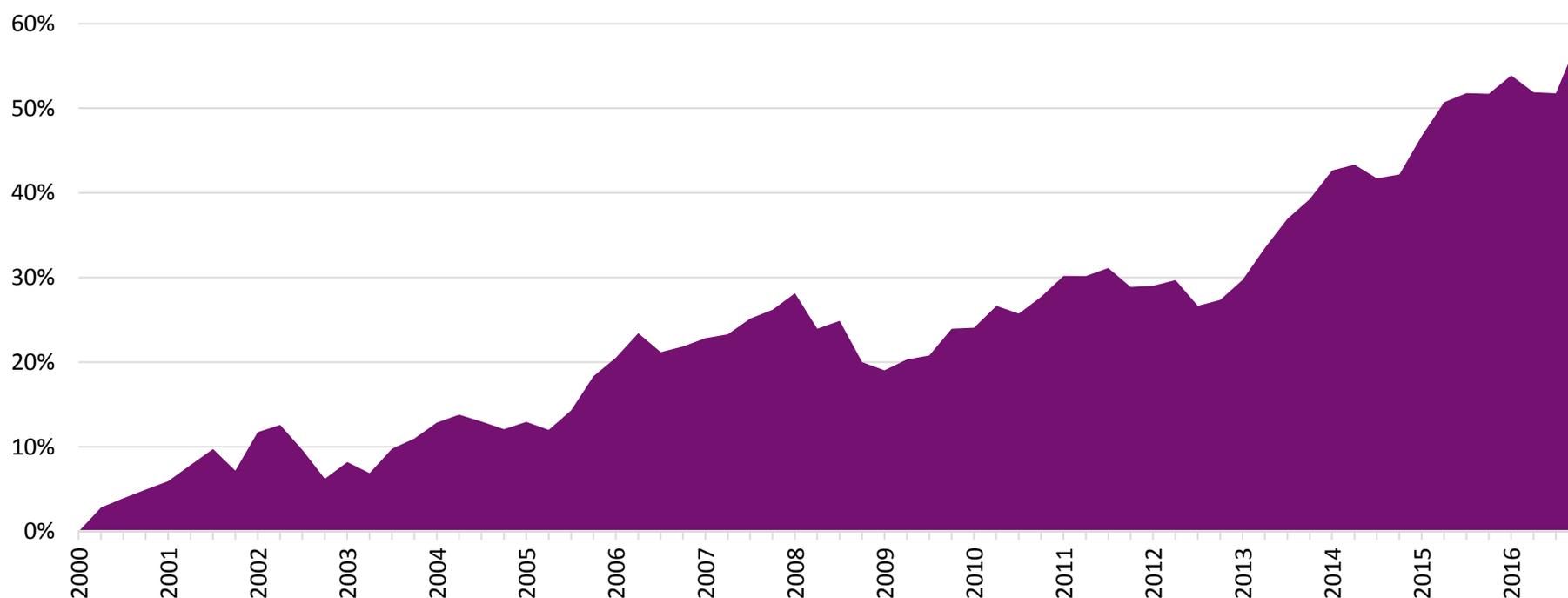
Track Record

Strong track record in selecting managers



Willis Towers Watson's Global Equity Model Portfolio

Cumulative outperformance (net of fees) versus the MSCI World Index



Simulated performance is not a reliable indicator of future returns.

Notes: Performance shown is the arithmetic difference between the cumulative return of the WTW Global Equity model portfolio (net of all fees) and the cumulative return of the MSCI World index, as at 30 September 2016. The WTW Global Equity model portfolio is a theoretical multi-manager portfolio developed and managed by the WTW Manager Research team as if they were given delegated responsibility for client assets with no constraints. The model assumed an initial account size, benchmark (MSCI World), base currency (GBP) and cost of manager transitions. The manager research team constructs a portfolio of managers and then discusses any potential changes to the model portfolio and portfolio construction before officially proposing changes to be implemented from the start of the next quarter. Performance is sourced each quarter and a management fee for a typical WTW client is deducted to generate realistic net return numbers. The model's aim is to demonstrate WTW's skill in manager selection and portfolio construction. It replicates as accurately as possible how WTW would run a similar client mandate. However, the model cannot fully replicate the complexities of the real world. Please refer to the Disclaimer for important information regarding the model portfolios.

'Best of the best'



Access to **best-in-class**
managers across the
world



Creating portfolios of
'**best ideas**'

Helping managers deliver their best



Source: eVestment, as at 31 March 2016. Accurate as of 10 June 2016.

The eVestment active global equity universe is made up of 977 products. 256 of these have outperformed the MSCI World ND (USD) over 5 years to end March 2016 and are included in this analysis. Active Share are averages over the 5 year period. Active share is the percentage of the portfolio different from the benchmark portfolio. Past performance is not a reliable indicator of future returns.

Only paying for true 'active' management

“British mutual-fund fees are too high”

– **The Economist**

“FCA clamps down on closet tracker funds”

– **Financial Times**

“FCA challenges active managers to prove their worth”

– **Investment Week**

“[With] closet indexing ... you’re paying a manager a fortune and he has 85% of his assets invested parallel to indexes. If you have such a system, you’re being played for a sucker.”

– **Charlie Munger, Berkshire Hathaway**

'Best of the best' – the theory



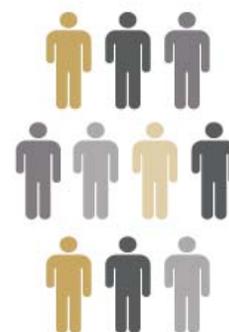
Single manager

70%

likelihood* of outperformance

Based on Willis Towers Watson modelling

We believe the best risk and return trade-off can be achieved by using a diversified manager structure



8 uncorrelated high conviction managers

>90%

likelihood* of outperformance

Based on Willis Towers Watson modelling

*Likelihood represents probability of outperforming the benchmark over a 5-year period.

Source: Willis Towers Watson, December 2016

Simulated performance is not a reliable indicator of future returns.

Methodology: The Probability figures are calculated from the following simulation: A portfolio track record is created by sampling monthly returns from a normal distribution that has return and standard deviation as per the assumptions below. The portfolio simulation is repeated 100,000 times and the probability of outperforming the benchmark is calculated as the number of simulations in which the simulated alpha was greater than zero, divided by 100,000. The time period of the simulation is 5 years.

The portfolio assumptions are as follows:

Skilled managers have a gross information ratio of 0.4 (information ratio is outperformance of the benchmark / tracking error).

Single skilled manager: outperformance net of 45bps OCR is 1.15%pa. Tracking error is 4% pa. Number of managers is 1.

Eight high conviction skilled managers: the individual managers' outperformance net of 60bps OCR is 2.6% pa. Tracking error is 8% pa. Correlation of the active positions is 0.1. Number of managers is 8.

'Best of the best' – the track record

**Towers Watson Global
Equity Focus Fund**

+2.7%pa

net of manager fees
over longest available period

Performance vs MSCI World index
since Fund's inception on 17 August 2015 to 11 January 2017

**Advisory charitable
foundation client**

+3.3%pa

net of manager fees
over most recent 5 years available

Performance vs MSCI All Country World index
from 1 October 2011 to 30 September 2016

Past performance is not a guide to future returns.

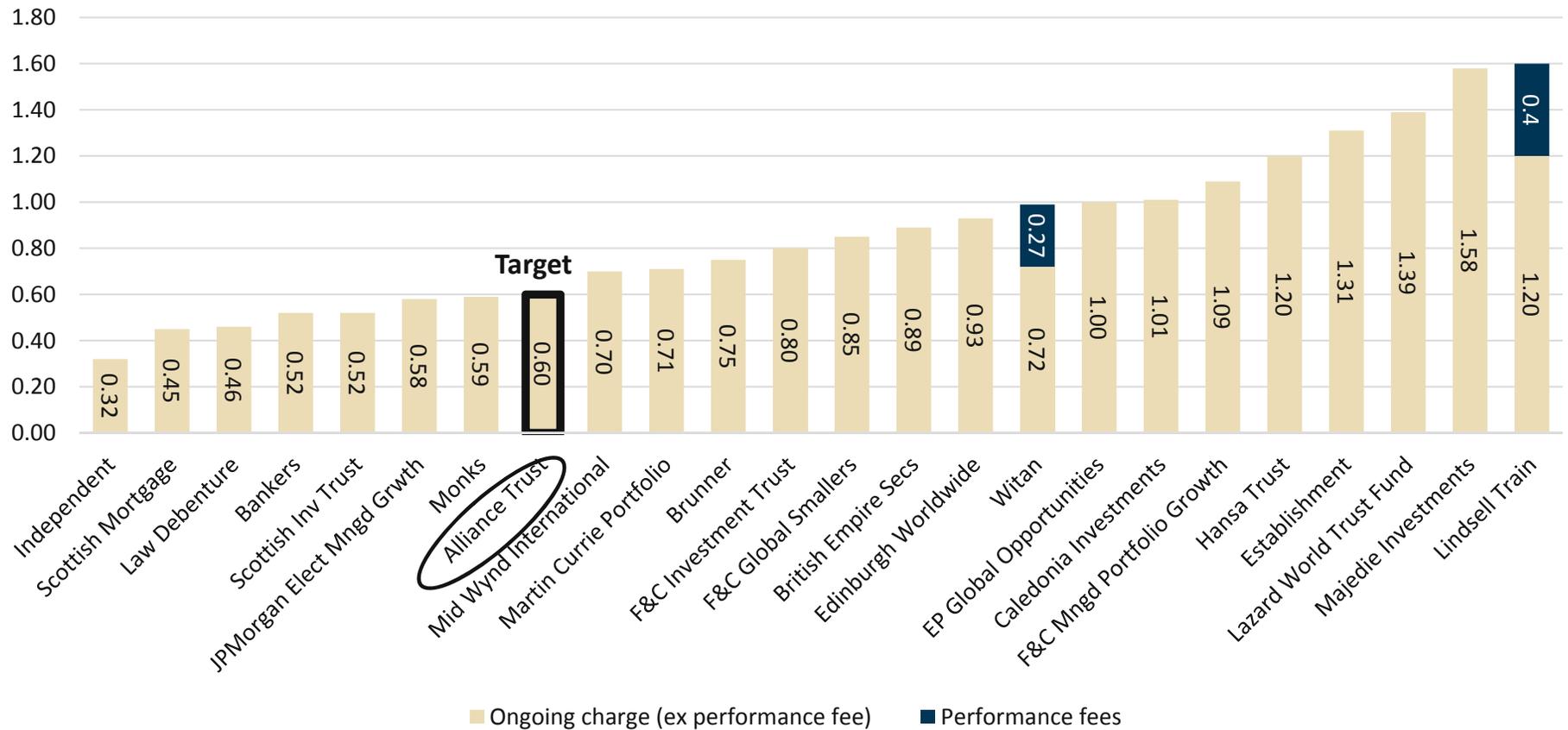
Notes: The TW Global Equity Focus Fund data sourced from BNY Mellon Fund Services (Ireland) Limited and MSCI World data from MSCI Inc, as at 11 January 2017. These are provisional figures.

The TW Global Equity Focus Fund is an Irish AIF. Performance shown is for the USD Z Share Series, based on daily prices. The Z share series is net of all sub-manager fees, gross of Willis Towers Watson fees and net of expenses. Inception date is 17 August 2015.

The performance shown for the Advisory charitable foundation client is the equally weighted combination of all managers that Willis Towers Watson has proposed to the client that the client has hired, at various inception dates, to manage a concentrated portfolio. The performance data is net of manager fees and expenses and supplied by the foundation's custodian, IFS State Street. MSCI All Country World Index data is supplied by MSCI Inc. Data is for the 5 years to 30 September 2016, the latest date with available data.

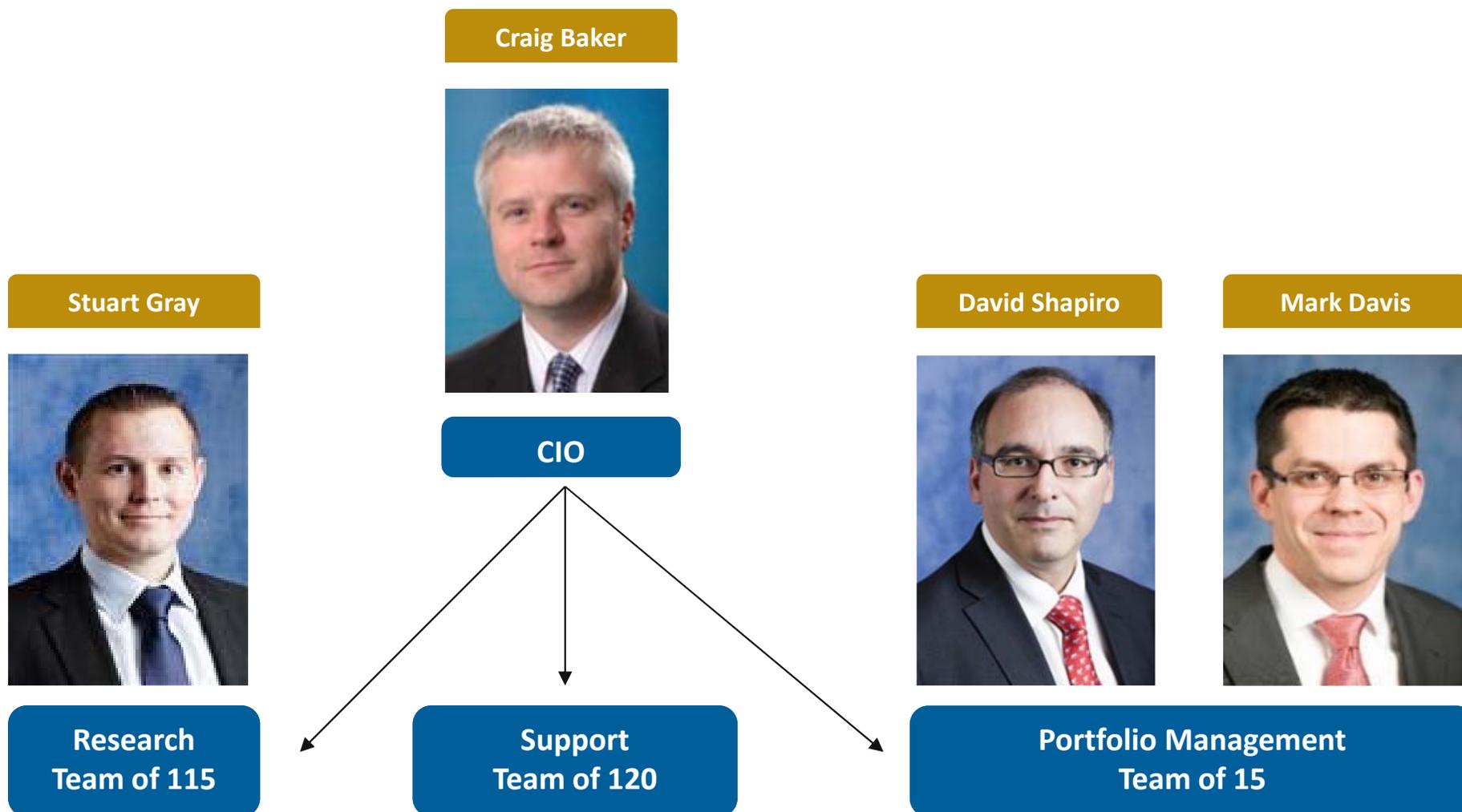
At a competitive cost

AIC Global sector
Ongoing charge from latest Reports and Accounts (%pa)



Source: Company Accounts / Canaccord
Target assumes the Trust stays approximately at its current size.

The Willis Towers Watson team for Alliance Trust



Data as at 30 September 2016

The equity managers

Manager

Style



Bill Kanko, founder and President. Bill was the lead manager for the Trimark Fund and Trimark Select Growth Fund, with combined assets of more than \$13 billion.

The process is to look 5-10 years ahead and find stocks across the cap spectrum. **Valuation orientated buyers of leading businesses** around the world. The approach is long term and **contrarian**.



Pierre Py and Greg Herr are co-portfolio managers with an average of 20 years investing experience.

Long-term approach **seeking companies that have high quality business models, exhibit financial strength, and strong management with a track record of shareholder alignment and allocating capital in a value-accretive manner**. The team operates a strict value discipline.



Rajiv Jain founded GQG Partners in June 2016, having previously worked at Vontobel Asset Management for 22 years as lead portfolio manager, Head of Equities, CIO and Co-CEO, responsible for over £30bn of assets.

Rajiv looks for **high quality and sustainable businesses**, whose underlying strength should outweigh its macro environment and where that company's strength can only truly be understood through bottom-up analysis.



Ben Whitmore has over 20 years of experience and joined Jupiter in 2006 Ben worked at Schroders, managing both retail and institutional portfolios and around £2 billion of assets. Ben will be supported by Dermot Murphy, Assistant Fund Manager.

Ben is well known in the market as a long-standing practitioner of **contrarian value** investing, he seeks businesses that are out-of-favour and under-valued, but have **prominent franchises and sound balance sheets**.

Source: Willis Towers Watson and individual managers as of December 2016.

The equity managers

Manager



Lyrical Asset Management's investment management team is led by Co-Founder and Chief Investment Officer, **Andrew Wellington**, and includes Co-Portfolio Manager, Caroline Ritter.

Style

Value matters most to Lyrical and the team also maintains a strict discipline around investing in quality companies, **seeking businesses that they believe will generate attractive returns on their invested capital, are resilient with reasonable debt levels, positive growth, attractive margins, competent management, and the flexibility to react to all phases of the business cycle.**



Hugh Sergeant is the CIO of Equities having previously been in a similar role at Societe Generale Asset Management ('SGAM') and prior to that at UBS/Phillips & Drew and Gartmore.

Hugh has put in place a process that helps him identify **value at different stages of a company's lifecycle** and to give signals as to when that value might be unlocked. He has shown particular strength in smaller companies and in classic "Recovery" situations.



Sustainable Growth Advisers (SGA) was founded in 2003 by **George Fraise, Gordon Marchand and Rob Rohn**, they average over 30 years of investment experience.

SGA seeks to identify only those very few truly differentiated global businesses that possess strong pricing power, offer recurring revenue generation and benefit from attractive, long runways of growth.



Andy Headley is Head of Global strategies at Veritas Asset Management. Andy has over 20 years investment experience and is supported by Charles Richardson, co-portfolio manager who has 30 years' experience.

The investment process utilises a proprietary Real Return Approach, employed with an absolute return mind-set, dispensing with any reference to indices. Veritas uses a number of methods including **themes to help identify industries and companies that are well positioned to benefit medium term growth** regardless of where they are located.

Source: Willis Towers Watson and individual managers as of December 2016.

Portfolio management – Willis Towers Watson’s role

**Choice of
managers
defines
yield**

**Manager
weightings
target equal
contributions**

**Number of
managers
defines
‘active share’**

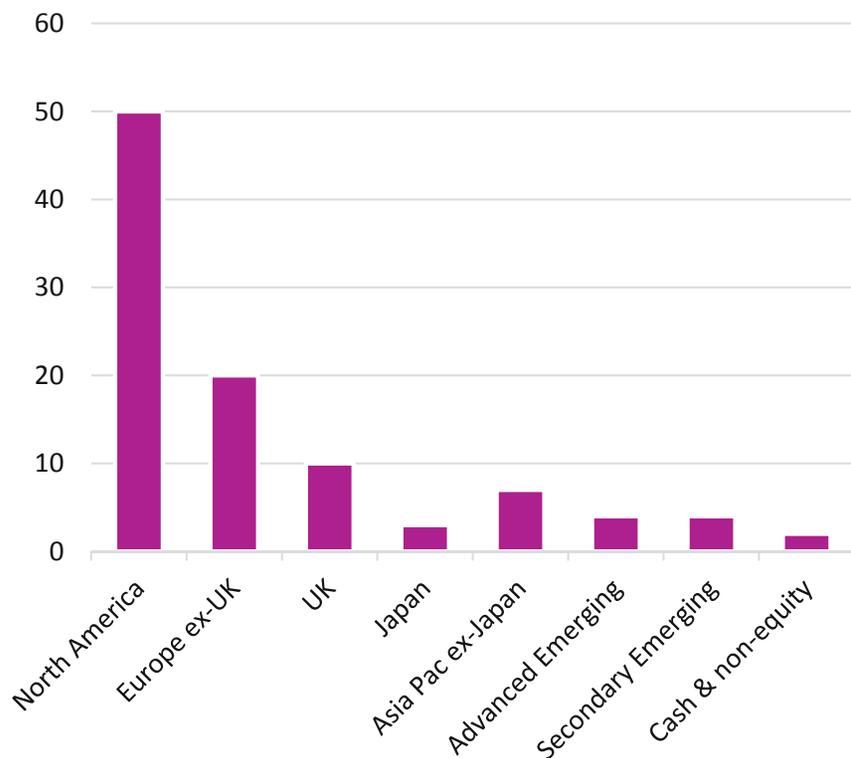
**Choice of
managers
neutralises
styles**

**Gearing
done at
the top
level**

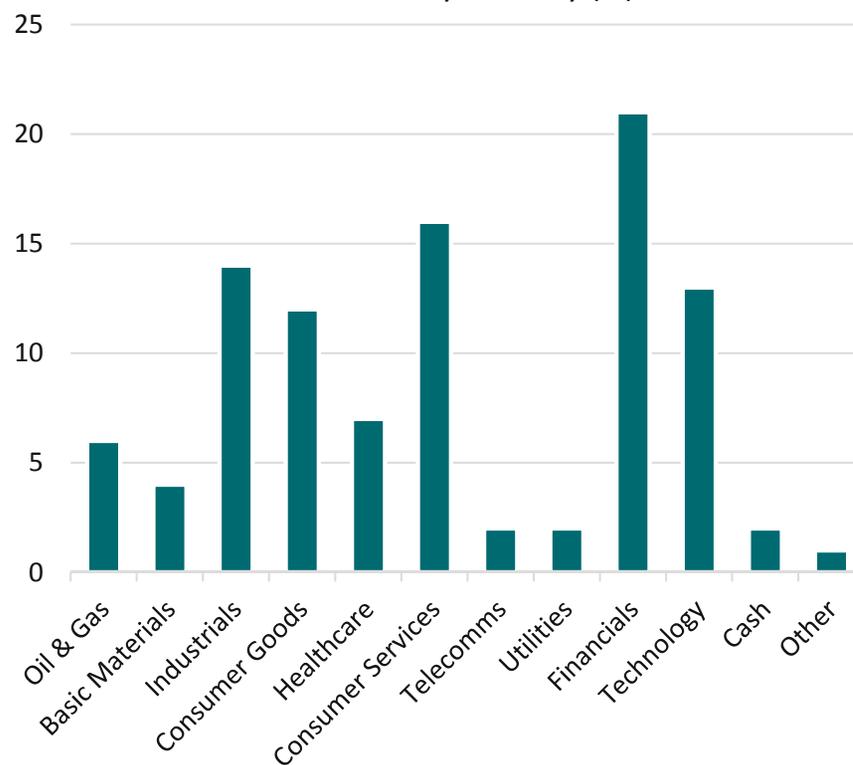
**Overall risk
dominated
by stock
selection**

The proposed equity portfolio

Breakdown by Region (%)



Breakdown by Industry (%)



**Overall risk level
unchanged**

**Relative risk dominated
by stock selection**

**Exposure to any one
company reduced**

The information above is based on proposed portfolio allocations and subject to change.

Source: Willis Towers Watson, Managers, FTSE ICB, FactSet

The provisional portfolio information was analysed with Towers Watson's DART analytics reports as of the most recent available date (30/11/2016) and was the underlying data was provided by the sources listed above and/or publically available information.

Summary - a more robust approach

Consistent outperformance

At a competitive cost

Continuing the progressive dividend policy

'The best of the best'

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The model investment performance shown in this material reflects the performance an investor may have obtained had it invested in the manner shown. It does not represent the performance that any investor actually attained. Unlike actual performance, it does not represent actual trading. Since trades have not actually been executed, results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity, and may not reflect the impact that certain economic or market factors may have had on the decision-making process if funds were actually managed in the manner shown.

Continued on page 20.

Disclaimer

The model investment performance shown is for the stated time period only. Gross model performance is net of likely transition costs, commissions and other direct expenses, but does not reflect management fees, custody charges, and other indirect expenses which an actual account would incur. Net model performance is net of likely transition costs, management fees, commissions, and other direct expenses, but before custody charges, and other indirect expenses. Management fees and expenses reflected in net returns are representative of those fees and expenses which an actual account managed in the indicated styles would incur. Management fees and expenses for actual accounts may vary. All results include the reinvestment of dividends. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. The performance shown is compared to the indicated index.

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