

30 November 2010

Aim

The Trust's objective is to increase its total return above the benchmark index of 50% FTSE All-Share and 50% FTSE All-World Index (ex UK sterling adjusted) over the long term, by investing in UK and international securities. The strategy of the Trust is designed to meet the requirements of those seeking a single investment in a diversified and professionally managed portfolio.

Risks & Features

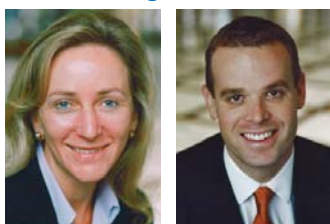
Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

The Trust seeks to enhance returns for its shareholders through gearing, in the form of long-term, fixed rate debentures. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments lose value. You should be aware that this Trust may be subject to sudden and large falls in value and you could suffer substantial capital loss.

History

The Trust was formed from the Brunner family's interest in the sale of Brunner, Mond & Co, the largest of the four companies which came to form ICI in 1926. The Trust has been managed by RCM (a subsidiary of Allianz Global Investors formerly Kleinwort Benson) since inception.

Fund Managers' Review



Lucy MacDonald Jeremy Thomas

Equity markets were dominated by three main events during November: A second round of quantitative easing in the US; European sovereign debt concerns; and policy tightening in China. In the first week of November a flurry of newsflow came to the market, including the US Fed's announcement of a second round of quantitative easing (QE2), positive ISM data, mid-term elections, non-farm payrolls data and statements from the Bank of England and the European Central Bank. Markets could not hold onto the gains that preceded the announcement of QE2 and equities dropped as a result of policy tightening in Asia and renewed sovereign debt concerns in Europe. In Europe, contagion risks from Ireland became the focus. The market perceived that the risk is not in Ireland defaulting per se, but in the potential contagion to larger European states, such as Spain. This particular bout of concern was sparked by Germany's proposals for a post-2013 crisis resolution mechanism that would involve some contribution from private sector debt holders.

The Trust (-1.35% NAV, capital only) slightly underperformed its benchmark (-1.07%) over the month. Strong stock selection in Consumer Services and Goods was outweighed by weaker stock selection in Industrials. Cobham, the defence electronics manufacturer, was the leading underperforming stock for the Trust. The deterioration of US and UK government finances has put pressure on defence budgets which will show little growth in the coming years. In the short term contracts are being delayed and companies such as Cobham are responding with cutting their overheads. However, our analysis suggests that the valuation of stocks such as Cobham and BAe Systems is compelling because they retain significant work on long term programmes such as the F35 Joint Strike Fighter or Eurofighter Typhoon which are critical if the West is to replace its now ageing military capability in an uncertain world. No major changes were made to the portfolio over the month.

Key Information

| | |
|--|--|
| Total Assets: | £268.9m |
| Gearing (net): | 7.2% |
| No. of Shares (Ordinary 1p): | 45,748,805 |
| Share Price¹: | 390.5p |
| Net Asset Value²: | 468.8p (442.1p – debt at market value) |
| Premium/-Discount to NAV³: | -16.7% (-11.7% – debt at market value) |
| Dividend Yield²: | 2.46% |
| No. of Holdings: | 121 |

All data source RCM (UK) Limited as at 30.11.10 unless otherwise stated.

| | |
|---------------------------------|---|
| Launch Date: | January 1927 |
| AIC Sector: | Global Growth |
| Benchmark: | 50% FTSE All-Share Index 50% FTSE All-World ex UK Index |
| Year end: | 30 November |
| Annual Financial Report: | Final posted in February, Half-yearly posted in July |
| AGM: | March |
| Dividends: | March, August |
| Price Information: | Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts |
| Board of Directors: | Keith Percy (Chairman), Ian Barlow (Chairman of the Audit Committee), William Worsley (Senior Independent Director), Vivian Bazalgette, Peter Maynard |
| Investment Manager: | Lucy MacDonald, CIO, Global Equity Jeremy Thomas, CIO, UK Equity RCM A company of Allianz Global Investors |
| Investor Services: | 020 7065 1407 |

¹Source: Lipper as at 30.11.10, market close mid price.

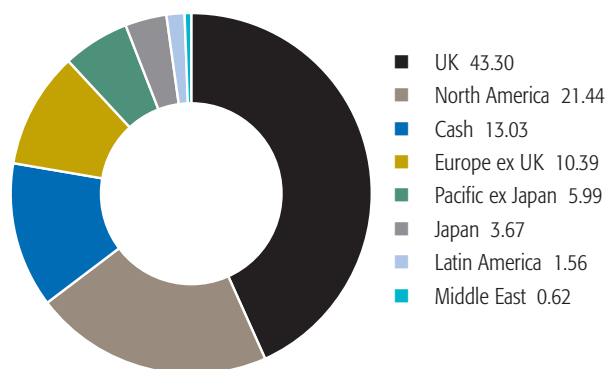
²Source: Datastream as at 30.11.10. Calculated using the latest full year dividend divided by the current share price.

³A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. In line with current industry best practice NAVs are now shown that take into account the 'fair value' of debt. This means NAVs are calculated after allowing for the valuation of debt at fair value or current market price, rather than at final repayment value. NAVs with debt at market value provide a more realistic impact of the cost of debt, and thus a more realistic discount. It is the capital NAV that is shown, which excludes any income.

Top Ten Holdings (%)

| Name | % |
|--------------------------------------|-------------|
| UK Government 4.25% 2011 | 3.7 |
| GlaxoSmithKline | 3.0 |
| 2.5% UK Government Index-Linked 2020 | 3.0 |
| 4% UK Government 2022 | 2.9 |
| Vodafone Group | 2.6 |
| Royal Dutch Shell 'B' | 2.6 |
| HSBC | 2.5 |
| BP | 2.5 |
| BG Group | 2.0 |
| Rio Tinto | 1.9 |
| Total | 26.7 |

Geographic Breakdown (%)



Changes in rates of exchange may cause the value of investments and the income from them to go down or up.

How to Invest?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker.

RIC: BUT **SEDOL:** 0149000 **ISIN:** GB0001490001

Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website www.rcm.com/investmenttrusts or from the AIC at www.theaic.co.uk

Please note: Our Investment Trust Savings Plan was closed and transferred to Alliance Trust Savings on 29 February 2008. Alliance Trust can be contacted on 01382 573 737 or contact@alliancetrust.co.uk

RCM Advantage

RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to investment markets around the world through professionally managed portfolios. Each trust benefits from the expertise of the RCM fund managers yet, as a company listed on the London Stock Exchange, it is independent and is overseen by its own Board of Directors.

RCM is the global equity specialist within Allianz Global Investors. With offices strategically located in the US, Europe and Asia, RCM uses its global research platform to search out investment opportunities.

All data source RCM (UK) Limited as at 30.11.10 unless otherwise stated.

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Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

| | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|-------------|----------|----------|--------|---------|---------|
| Share Price | 10.08 | 5.83 | 6.11 | -15.84 | 7.28 |
| Benchmark | 7.73 | 5.17 | 9.17 | -6.27 | 9.44 |

Standardised Past Performance (%)

| From | 30.09.05 | 29.09.06 | 28.09.07 | 30.09.08 | 30.09.09 |
|-------------|----------|----------|----------|----------|----------|
| To | 29.09.06 | 28.09.07 | 30.09.08 | 30.09.09 | 30.09.10 |
| Share Price | 13.73 | 16.57 | -21.14 | -2.04 | 7.22 |

Source: Lipper, percentage growth, mid to mid, capital return, to 30.11.10
Benchmark: 50% FTSE All-Share Index/50% FTSE All-World ex UK Index. Note the benchmark was 60% FTSE All-Share and 40% FT/S&P World Index (ex UK sterling adjusted) up to 26th March 2008.

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

This investment trust charges 70% of its annual management fee to the capital account and 30% to revenue. This could lead to a higher level of income but capital growth will be constrained as a result. Your capital could also decrease if income paid out of capital exceeds the growth rate of the trust.