



ShareSoc

UK Individual Shareholders Society

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Press Release

ShareSoc supports the proposals advocated by Laxey Partners at Alliance Trust

The UK Individual Shareholder Society (ShareSoc) has considered the issues raised by Laxey Partners in relation to Alliance Trust and the Resolutions proposed by them at the forthcoming AGM. We agree with the proposals by Laxey for the introduction of a Discount Control Mechanism (DCM) and the change to the voting arrangements for shares held in the Alliance Trust Savings Schemes.

Our position is that we believe that it is not in shareholders' interests to have a consistently wide discount to Net Asset Value (NAV) and that is surely true whether shareholders are short or long term holders, and whether they are institutional investors or private investors. It is therefore appropriate to introduce a DCM or some other approach to try to tackle this problem at Alliance, and failing any alternative proposals from the board of Alliance we consider the resolution proposed by Laxey to be a reasonable approach to take.

WE THEREFORE RECOMMEND TO OUR MEMBERS THAT THEY VOTE IN FAVOUR OF RESOLUTIONS 17 AND 18 AT THE AGM

Unfortunately, there is a conflict of interest in a "self-managed" trust (unlike most investment trusts which have independent managers). In a self-managed trust the conflict arises because buy-backs can reduce the assets and income of the trust which are used to cover management expenses.

As regards the voting mechanism for savings scheme shares, we applaud the desire to enfranchise shareholders in nominee accounts as espoused by Alliance. This is a major problem which we would like to see tackled by appropriate legislation. However, those in the savings schemes who want to vote have always had the opportunity to do so, but it is unreasonable to vote the shares of those in the schemes who do not choose to vote. It should be one share, one vote; but those who choose not to vote should not have their wishes presumed.

ShareSoc Chairman Roger Lawson had this to say on the battle between Laxey Partners and the Trust directors: "As a former shareholder in the Trust the issue of long term performance was of concern to me (and this has probably resulted in the high discount level). Performance does not seem to have improved of late with the company ranking 31 out of 42 on Total Shareholder Return (TSR) in their comparator group last year according to their Annual Report (see page 47).

I suggest that the original letter to the board in November 2010 by Laxey Partners (see <https://www.atstaction.co.uk/allianceletter.pdf>) quite rightly raised a number of questions that required tackling. The response from the board seems to have been that they feel that no change was required, and they have not apparently entered into a meaningful dialogue. This is not a reasonable way for boards to respond to the concerns of any shareholders, whether short or long term holders."

For further information, please contact:

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You can see the Laxey arguments on this web site: <https://www.atstaction.co.uk>;
or go to this site for the Alliance position: www.alliancetrust.co.uk/agm2011

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets. We are a mutual association controlled by the members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by its commercial activities. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment (go to www.sharesoc.org/membership.html to register). More information on ShareSoc can be obtained from our web site at www.sharesoc.org (our objects are fully defined on this page: www.sharesoc.org/objects.html).