

ALLIANCE TRUST INTERIM RESULTS

Alliance Trust's interim results, covering the 6 months to end June 2017, were announced on 27th July. For the whole period the total shareholder return was 10.8% which was well in excess of the MSCI All World Index which registered a total return of 6.4%.

The overall return covers three distinct micro period. Between 1 January and 17 March the portfolio was managed by Alliance Trust Investments. From 18 March the portfolio was transitioned under the management of Blackrock as it migrated to Willis Towers Watson (WTW). This transition was completed on 12 April. In all three periods the portfolio performed well. Importantly, in the period between WTW taking over management through to 30 June 2017 the equity performance outpaced benchmark by 2.4%. Although this is a relatively short period in which to judge the performance of WTW, the initial results are on target.

The transition costs, at 0.18%, were substantially less than expected and the Alliance Trust Board continues to target an ongoing charges ratio of less than 0.65%.

A key feature of the 6 months was the substantial scale of buybacks. A total of 139,704,686 shares were repurchased representing 28.4% of the shares in issue at the start of the period. Within this, 95,478,576 shares (68.4% of the total buybacks) were those held by Elliott Advisors.

Following the final exit of Elliott in March, buybacks continued at a high level. However, supply and demand appears to have recently come back into better balance as can be seen from the trend in buybacks over the past 4 months:

April	3,964,184
May	3,075,341
June	3,684,895
July	1,511,579

If the July level continues for the rest of the year, the scale of buybacks is sustainable. (Annualising the July figures implies buybacks at around 5% of the issued share capital which would not be exceptional by the standards of the investment trust sector).

During the 6 months the discount rose from 4.4% to 5.7%. On 31 July the discount stood at 5.5% and appears, therefore, to have stabilized.

A dividend of 3.29p has been declared for the quarter and will be paid on 2nd October.

While there remain some legacy investments, including Alliance Trust Savings (which reported a small loss for the period) these represent only 11% of the overall assets of the Trust. (ATS represents only 2.2% of the Trust's assets). The non-core legacy elements are being divested if and when appropriate, thereby moving the Trust increasingly to a "pure" equity vehicle.

Under WTW's management the 8 individual equity managers have been carefully selected and are being actively monitored. All are running very concentrated, high conviction, portfolios. The overall equity portfolio is, however, very diversified with 180 holdings and no one stock accounts for more than 1.8% of the total portfolio. In terms of risk management and potential rewards the new structure is highly differentiated from the Trust's peers.

In conclusion, the Trust has come a long way over the past 2 years. It has been successfully re-orientated and the initial performance under the new structure is very encouraging.

James Cook
on behalf of ATSAG

2 August 2017