

INVESTMENT COMPANY CHARGES FALL FOR 4TH CONSECUTIVE YEAR

The economic turbulence and market volatility has made for a challenging year for the investment company sector. So it's encouraging that research¹ from the **Association of Investment Companies (AIC)** amongst 239 conventional investment companies (excluding VCTs) using Lipper data suggests that charges (measured by the Total Expense Ratio – the TER) in the investment company sector have fallen for the fourth consecutive year in a row.

Some 34% of conventional investment companies have charges under 1%, compared to 30% just over a year ago², whilst some **70% of conventional investment companies have charges under 1.5%** compared to 67% previously. Meanwhile, the average charge in the conventional investment company sector is currently 1.41% compared to 1.44% previously. The figures do not take into account performance related fees, which crucially are only paid if an investment company outperforms by a pre agreed margin.

Annabel Brodie-Smith, Communications Director, Association of Investment Companies (AIC) said: "Whilst charges are only one of several factors to bear in mind, in volatile markets their impact can feel all the more pronounced. So it is very encouraging to see that investment company charges have remained, on average, extremely competitive.

"In recent years, charges have come down due to rising assets, ensuring that investors benefit from economies of scale. There has also been a trend towards reducing management fees and introducing performance fee arrangements. Whilst markets recently have been much more volatile, investment company boards are clearly continuing to keep an eye on charges during these difficult times."

The lowest cost investment company sector is the **UK Growth & Income** sector (0.8%), followed by the **Global Growth** (0.88%) and **Global Growth & Income** (0.97%) sectors. The **UK Growth & Income** sector has the highest proportion of investment companies with charges under 1% (78%). The **Global Growth & Income** sector had the second highest proportion of investment companies with charges under 1% (67%) followed by the **Global Growth** sector (63%).

The lowest cost AIC members are: **The Independent Investment Trust PLC** (0.23%), **Edinburgh US Tracker Trust plc** (0.33%), **Blue Planet Financials Growth & Income Trusts** (0.35%), **The City of London Investment Trust plc** (0.37%), **Edinburgh**

Investment Trust plc (0.40%), The Law Debenture Corporation p.l.c. (0.47%), Bankers Investment Trust PLC (0.47%), Temple Bar Investment Trust PLC (0.51%), Scottish Mortgage Investment Trust PLC (0.52%), Alliance Trust PLC and Foreign & Colonial Investment Trust PLC (both 0.52%).

When performance related fees are taken into account, comparative charges have come down further still. The average TER with performance fees included is currently 1.56% compared to 1.75% a year ago, most likely because during the recent market turbulence fewer investment companies have paid a performance fee. In February 2009, 51% (122 by number) of the investment company sector had a performance fee in place, of which 58 paid a fee. This compares to November 2007, when 49% (103 by number) of investment companies had a performance fee in place, of which 70 paid a fee.

Annabel Brodie-Smith, Communications Director, Association of Investment Companies (AIC) continued: “Given the market volatility over the last year, it’s not surprising that the number of investment companies paying a performance fee has reduced significantly. But it does illustrate how sensibly set performance fees can work to investors’ benefit, since they only pay more if the investment company outperforms by a pre-agreed margin.”

AIC Member investment companies (excluding fund of funds and cash funds) with TERs of 1% or under – ranked by lowest TER excluding performance fees

Company	AIC Sector	Annual Report Date	NAV TER inc Perf %	NAV TER %	Perf fee in place (total)	Perf fee paid during the period (total)
Independent Investment Trust plc	Global Growth	30-Nov-07	0.23%	0.23%		
Edinburgh US Tracker Trust	North America	31-Jan-08	0.33%	0.33%		
Blue Planet Financials Growth & Income Trusts	Sector Specialist: Financials	31-Mar-08	0.35%	0.35%		
City of London Investment Trust	UK Growth & Income	30-Jun-08	0.37%	0.37%	Yes	
Edinburgh Investment Trust	UK Growth & Income	31-Mar-08	0.40%	0.40%		
Law Debenture Corporation	Global Growth	31-Dec-07	0.47%	0.47%	Yes	
Bankers Investment Trust	Global Growth	31-Oct-08	0.47%	0.47%	Yes	
Temple Bar Investment Trust	UK Growth & Income	31-Dec-07	0.51%	0.51%		
Scottish Mortgage Investment Trust	Global Growth	31-Mar-08	0.52%	0.52%		
Alliance Trust	Global Growth	31-Jan-08	0.52%	0.52%		
Foreign & Colonial Investment Trust	Global Growth	31-Dec-07	0.77%	0.52%	Yes	Yes

Company	AIC Sector	Annual Report Date	NAV TER inc Perf %	NAV TER %	Perf fee in place (total)	Perf fee paid during the period (total)
Merchants Trust	UK Growth & Income	31-Jan-08	0.55%	0.55%		
Henderson Smaller Companies Investment Trust	UK Smaller Companies	31-May-08	0.55%	0.55%	Yes	
Mercantile Investment Trust	UK Growth	31-Jan-08	0.56%	0.56%		
Witan Investment Trust	Global Growth	31-Dec-07	0.62%	0.58%	Yes	Yes
Securities Trust of Scotland	UK Growth & Income	31-Mar-08	0.58%	0.58%	Yes	
British Assets Trust	Global Growth & Income	30-Sep-08	0.58%	0.58%	Yes	
JPMorgan Overseas Investment Trust	Global Growth	30-Jun-08	0.82%	0.61%	Yes	Yes
Electric & General Investment Trust	Global Growth	30-Jun-08	0.92%	0.61%	Yes	Yes
Foreign & Colonial Eurotrust	Europe	30-Sep-08	0.62%	0.62%	Yes	
TR European Growth Trust	European Smaller Companies	30-Jun-08	1.01%	0.62%	Yes	Yes
Monks Investment Trust	Global Growth	30-Apr-08	0.51%	0.63%		Yes
Dunedin Income Growth Investment Trust	UK Growth & Income	31-Jan-08	0.63%	0.63%		
Schroder UK Growth Fund	UK Growth	30-Apr-08	0.64%	0.64%	Yes	
JPMorgan Mid Cap Investment Trust	UK Growth	30-Jun-08	0.65%	0.65%	Yes	
F&C Capital & Income Investment Trust	UK Growth & Income	30-Sep-08	0.68%	0.68%		
Scottish Investment Trust	Global Growth	31-Oct-08	0.69%	0.69%		
JPMorgan American Investment Trust	North America	31-Dec-07	0.69%	0.69%	Yes	
Lowland Investment Company	UK Growth & Income	30-Sep-08	0.70%	0.70%		
Witan Pacific Investment Trust	Asia Pacific - Including Japan	31-Jan-08	0.84%	0.72%	Yes	Yes
ACP Capital Ltd (AIM)	Sector Specialist	31-Dec-07	0.72%	0.72%		
Brunner Investment Trust	Global Growth	30-Nov-07	0.72%	0.72%		
BlackRock Smaller Companies Trust	UK Smaller Companies	29-Feb-08	0.99%	0.72%	Yes	Yes
JPMorgan Japanese Investment Trust	Japan	30-Sep-07	0.73%	0.73%		
Scottish American Investment Co.	Global Growth & Income	31-Dec-07	0.75%	0.75%		
Murray International Trust	Global Growth & Income	31-Dec-07	1.11%	0.75%	Yes	Yes
TR Property Investment Trust	Property Securities	31-Mar-08	0.78%	0.76%	Yes	Yes
UK Commercial Property Trust	Property Direct - UK	31-Dec-07	0.77%	0.77%		
Murray Income Trust	UK Growth & Income	30-Jun-08	0.77%	0.77%		
Martin Currie Portfolio Investment Trust	Global Growth	31-Jan-08	1.72%	0.77%	Yes	Yes
JPMorgan Claverhouse Investment Trust	UK Growth	31-Dec-07	0.16%	0.77%	Yes	Yes
Axa Property Trust	Property Direct - Europe	30-Jun-08	0.80%	0.80%		
F&C Global Smaller Companies	Global Growth	30-Apr-08	0.80%	0.80%	Yes	
Scottish Oriental Smaller Companies Trust	Asia Pacific - Excluding Japan	31-Aug-08	0.80%	0.80%	Yes	
BlackRock Greater Europe Investment Trust	Europe	31-Aug-08	0.81%	0.81%	Yes	

Company	AIC Sector	Annual Report Date	NAV TER inc Perf %	NAV TER %	Perf fee in place (total)	Perf fee paid during the period (total)
Mid Wynd International Investment Trust	Global Growth	30-Jun-08	0.82%	0.82%		
British Empire Securities & General Trust	Global Growth	30-Sep-08	0.82%	0.82%	Yes	
Henderson High Income Trust	UK High Income	31-Dec-07	0.98%	0.86%	Yes	Yes
Henderson EuroTrust	Europe	31-Jul-08	1.10%	0.86%	Yes	Yes
Keystone Investment Trust	UK Growth	30-Sep-08	0.87%	0.87%	Yes	
JPMorgan Asian Investment Trust	Asia Pacific - Excluding Japan	30-Sep-08	0.12%	0.87%	Yes	Yes
INVESCO Perpetual UK Smaller Companies Investment Trust	UK Smaller Companies	31-Jan-08	0.92%	0.89%	Yes	Yes
Anglo & Overseas	Global Growth	31-Jul-08	0.89%	0.89%		
Caledonia Investments	Global Growth	31-Mar-08	0.97%	0.93%	Yes	Yes
Standard Life Equity Income Trust	UK Growth & Income	30-Sep-08	0.93%	0.93%		
Henderson TR Pacific Investment Trust	Asia Pacific - Excluding Japan	31-Dec-07	1.34%	0.93%	Yes	Yes
Schroder Income Growth Fund	UK Growth & Income	31-Aug-08	0.85%	0.94%	Yes	Yes
Gartmore Global Trust	Global Growth	31-Jan-08	0.96%	0.96%		
Finsbury Growth & Income Trust	UK Growth & Income	30-Sep-08	0.96%	0.96%	Yes	
Schroder Oriental Income Fund	Asia Pacific - Including Japan	31-Aug-08	0.97%	0.97%	Yes	
Gartmore European Investment Trust	Europe	30-Sep-08	0.97%	0.97%	Yes	
INVESCO Income Growth Trust	UK Growth & Income	31-Mar-08	0.97%	0.97%		
Aberforth Smaller Companies Trust	UK Smaller Companies	31-Dec-07	0.98%	0.98%		
Throgmorton Trust	UK Smaller Companies	30-Nov-07	0.98%	0.98%		
Framlington Innovative Growth Trust	UK Smaller Companies	30-Jun-08	1.72%	0.99%	Yes	Yes
Henderson Opportunities Trust	UK Growth	31-Oct-08	0.99%	0.99%	Yes	

- For investment company Total Expense Ratios (TERs), investors can visit

www.theaic.co.uk

- Ends -

For further information, please contact

Annabel Brodie-Smith
Communications Director
AIC
020 7282 5580
077769 204 610

Jemma Jackson
PR Manager
AIC
020 7282 5580
07798 62 44 49

Emily Conrad-Pickles
PR/Marketing Executive
AIC
020 7282 5551
07799 414790

Notes to Editors

1. The Total Expense Ratio (TER) represents the drag on performance caused by all annual operating expenses charged to the company. These can include the annual management charge (or staff costs), audit, custody and directors fees and marketing costs. Total Expense Ratios are calculated by Lipper.

The figures are based on annual reports available up to 31 October 2008 and were updated in February 2009.

The TERs quoted do not include performance-related fees, or reconstruction expenses unless the performance related fees are specified in the table. External costs such as stamp duty, costs for advice to financial advisers, or buying and selling costs are excluded. All averages are arithmetic and exclude VCTs. Cash funds and fund of funds are excluded from the table.

2. The AIC's last research on TERs was based on annual reports available up to 30 June 2007, updated in November 2007 and published in March 2008.

3. The Association of Investment Companies was founded in 1932 to represent the interests of the investment trust industry – the oldest form of collective investment. Today, the AIC represents a broad range of closed ended investment companies which are traded on the London Stock Exchange, AIM and Euronext; incorporating investment trusts and other closed ended investment companies and VCTs. The AIC's members believe that the industry is best served if it is united and speaks with one voice. The AIC's mission statement is to help Members add value for shareholders over the longer term. The AIC has 353 members and the industry has total assets of approximately £80 billion.