

Update on Implementation of Changes at Alliance Trust

16 December 2015

On 1 October 2015, Alliance Trust PLC announced a series of changes designed to enhance shareholder value. In advance of the end of the financial year on 31 December 2015, the Board is today providing an update to shareholders on the progress that has been made on implementing these changes.

The progress made underlines the Board's commitment to the strategy and its continuing belief that Alliance Trust is now well placed for the future.

Action:	Progress:
Introduction of MSCI All Country World Index as formal benchmark	· MSCI All Country World Index now used as the benchmark for the Trust, with an outperformance target of a minimum of 1% (net of fees) annually
Improve investment performance and narrow the discount	· Portfolio performance has outperformed the index since the investment team took over in September 2014 - Net Asset Value ahead by 3.7% and Total Shareholder Return ahead by 8.2%

Performance to 11 December 2015 ¹	Net Asset Value Total Return	MSCI All Country World Index	Out/under performance
6 Month	-4.6%	-6.6%	2.0%
YTD	0.8%	-1.1%	1.9%
1 Year	1.6%	0.3%	1.3%
Since Sept 2014	7.0%	3.3%	3.7%
3 Years	28.8%	33.2%	-4.4%
5 Years	38.0%	43.8%	-5.8%

Performance to 11 December 2015 ¹	Total Shareholder Return	MSCI All Country World Index	Out performance
6 Month	-2.4%	-6.6%	4.2%
YTD	4.8%	-1.1%	5.9%
1 Year	6.5%	0.3%	6.2%

Since Sept 2014	11.5%	3.3%	8.2%
3 Years	38.9%	33.2%	5.7%
5 Years	50.6%	43.8%	6.8%

Focus on global equities and disposal of non-core investments

- Exiting Fixed Income, with exposure reduced by 48% to £74m to date through the realisation of holdings in ATI Fixed Income funds
- Sale of sole remaining commercial property for £5.6m, a profit on the holding value of 15.6%
- Initiated sale process for legacy mineral rights portfolio. Expected to complete during 2016
- Equity exposure increased to 102.1%, at the end of November, from 99.6% at the end of September
- Mandate will be in place by early 2016

Investment mandate to be awarded to Alliance Trust Investments at a rate of 35bps on average NAV

Significant cost reduction programme delivering savings of £6m for 2016
Target an Ongoing Charges Ratio of 45bps or less by the end of 2016 from 60bps in 2014

- Cost reduction plan under way. On track to deliver combined savings from the investment business of at least £6m for 2016

Use share buybacks, as required, to narrow the discount into single figures
Continue to focus on delivery of progressive dividends

- The discount has narrowed to an average of 10.5%, compared to 12.6% for the first nine months of 2015. 4.5% of the company's shares¹ bought back and cancelled since 1 October
- In November 2015, the Directors announced a special dividend of 1.46326 pence per share from the winding up of Alliance Trust Finance which will be paid on 31 December 2015

All net income earned to be paid out as ordinary dividends
Board of Alliance Trust PLC to become fully independent, consisting solely of non-executive directors

- The change in accounting treatment for costs will come into effect for the year ending 31 December 2016.
- Announced on 27 November that Karin Forseke and Alastair Kerr will step down from the Board on 1 January 2016
- Recruitment process for new Chair under way, led by Karl Sternberg as Senior Independent Director

Create independent boards · Identified Non-Executive Directors for ATI and ATS and a
for Alliance Trust Chair for ATS, subject to regulatory approval
Investments (ATI) and
Alliance Trust Savings · Revised board structures for Alliance Trust PLC, ATI and ATS
(ATS) to increase focus and expected to be in place by early 2016.
accountability

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1 Source: Morningstar Data as at close on 11 December 2015