Investors Capital Trust plc

2009 Annual Report and Accounts

For the year to 31 March 2009

F&C Investments

Contents

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The Association of
Investment Companies

This document is important and requires your immediate attention. Shareholders who are in any doubt as to what action to take should consult an appropriate independent financial adviser immediately. If you have sold or otherwise transferred all of your Shares in the Company, you should immediately send this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for transmission to the purchaser or transferee.

Company Summary

The Company
The Company is an investment trust and its shares are listed on the London Stock Exchange. It is a member of the Association of Investment Companies ('AIC').

Assets attributable to shareholders at 31 March 2009 were £76.1 million.

Objective and Policy
To provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth.

The Company's portfolio is managed in two parts. The first part comprises investments in UK equities and equity-related securities of large and mid-sized companies (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio).

The Company's investment policy is set out in the Report of the Directors.

Management
The Board has appointed F&C Investment Business Limited (the 'Manager') as investment manager. The notice period for termination of the contract between the Company and the Manager is 6 months. Further details of the management contract, including fees, are provided in the Notes to the Accounts.

Capital Structure
The Company's capital structure offers shareholders the opportunity to receive quarterly distributions in the form of either dividends, capital returns, or both, to suit their own particular circumstances. The Company has two classes of shares: A shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only A shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital distribution at the same time as, and in an amount equal to, each dividend paid on the A shares. For certain shareholders, there may be tax or other advantages in receiving a capital distribution rather than a dividend. Shares may be held and traded within units, each unit comprises three A shares and one B share.

In addition, the Company has a fixed rate bank loan of £33.5 million for a term to 28 September 2012.

How to Invest
F&C Asset Management plc operates a number of investment plans which facilitate investment in the securities of the Company. Details are contained on page 50.

You may also invest through a stockbroker.

ISA Status
The Company's shares are eligible for ISAs.

Website
The internet address for the Company is www.investorscapital.co.uk

Telephone
F&C Investment Business Limited Investment Services 0845 600 3030

Financial Highlights for the Year

- Total distributions for the year to 31 March 2009 of 5.35p per share
- Distribution yield of 9.0 per cent at 31 March 2009, compared to the yield on the FTSE All-Share Capped 5% Index of 5.0 per cent
- Net asset value total return per share for the year was minus 27.6 per cent, compared to the FTSE All-Share Capped 5% Index total return of minus 29.7 per cent

Performance Summary

	Year to 31 March 2009	Period from launch on 1 March 2007 to 31 March 2008
Total Return		
Net asset value total return per A and B share and per unit	**(27.6)%**	(3.1)%
FTSE All-Share Capped 5% Index	**(29.7)%**	(4.7)%
Revenue and Distributions		
Distributions per A share and B share	**5.35p**	5.35p
Distributions per unit*	**21.40p**	21.40p
Revenue reserves	**£2.2m**	£2.3m
Equities Portfolio yield relative to FTSE All-Share Capped 5% Index	**116%**	108%
Capital	**31 March 2009**	31 March 2008
Total assets (less current liabilities)	**£113.0m**	£149.5m
Net asset value per A share and B share	**60.46p**	89.62p
Net asset value per unit*	**241.84p**	358.48p
FTSE All-Share Capped 5% Index	**2,023.09**	2,996.41
A and B share price	**59.5p**	83.0p
Unit price	**237.0p**	327.0p
(Discount)/Premium (% difference between price and net asset value)		
A and B shares	**(1.6)%**	(7.4)%
Unit	**(2.0)%**	(8.8)%
Gearing (100=nil geared position)†		
Maximum potential ratio	**148.5**	129.7
Actual ratio – investment gearing	**115.2**	103.6
– equity gearing	**74.5**	75.1
Total Expense Ratio		
as percentage of average shareholders' funds	**1.1%**	1.1%

	A shares		**B shares**		**Units**	
Year's Highs/Lows	**2008/09 High**	**2008/09 Low**	**2008/09 High**	**2008/09 Low**	**2008/09 High**	**2008/09 Low**
Net asset value per share	**95.4p**	**58.5p**	**95.4p**	**58.5p**	**381.7p**	**234.1p**
Share price	**86.7p**	**58.0p**	**86.5p**	**58.0p**	**337.5p**	**233.0p**
Premium/(discount)	**10.7%**	**(9.9)%**	**10.3%**	**(10.4)%**	**9.2%**	**(12.0)%**

* A unit consists of three A shares and one B share.

† The gearing ratio indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of 100 means that the Company has a nil geared position.
Maximum potential ratio = the ratio of total assets (including fixed interest and cash assets) to assets attributable to shareholders.
If securities held in the Company's Higher Yield Portfolio are included as fixed interest assets then the actual ratio will be as shown below.
Actual ratio (investment gearing) = the ratio of total assets (less cash assets) to assets attributable to shareholders.
Actual ratio (equity gearing) = the ratio of total assets (less fixed interest and cash assets) to assets attributable to shareholders.

Sources: F&C Investment Business Limited and Datastream

Chairman's Statement

J M Haldane Chairman

Investment Objective and Policy

The Company's investment objective is to provide an attractive return to shareholders in the form of dividends and/or capital distributions, together with prospects for capital growth.

The Company's investment portfolio is managed in two parts. The first part comprises investments in UK equities and equity related securities (the Equities Portfolio) and the second part investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio). At 31 March 2009, 50.2 per cent of total assets was allocated to the Equities Portfolio and 27.4 per cent to the Higher Yield Portfolio. The remaining 22.4 per cent was held as cash and cash equivalents reflecting the Manager's cautious view of markets. This allocation will vary as a result of market movements and circumstances.

Investment Performance

At the time of writing my interim report to shareholders in November last year I indicated that ''investor concerns are now shifting to the wider economy and what is likely to be the worst downturn in decades for both the US and European economies''. The last year was indeed characterised by an increasingly uncertain outlook for the global economy and ongoing instability in financial markets. Recognising the fragility of the current economic situation and the need to avoid a systemic collapse of the financial system, governments around the world have committed enormous sums to bank rescue and economic stimulus packages, Central Banks have reduced interest rates to close to zero and, in both the US and UK, the need for further monetary stimulus has forced the Federal Reserve and the Monetary Policy Committee of the Bank of England to adopt the more radical policy of quantitative easing. Against a background of the worst financial crisis for decades, the values of risk assets, including equities and credit, have fallen sharply.

During the year, the Company's Equities Portfolio produced a total return of –26.1 per cent which, while disappointing, was ahead of the –29.7 per cent total return of the FTSE All-Share Capped 5% Index. The Higher Yield Portfolio returned –10.5 per cent.

The Company's net asset value total return for the A and B shares for the year was –27.6 per cent, after the cost of finance, which compares with the –29.7 per cent return for the FTSE All-Share Capped 5% Index.

Capital Structure

The Company has two classes of shares: A shares and B shares. The net asset value attributable to the A shares and to the B shares is the same. The rights of each class are identical, save that only the A shares are entitled to receive dividends, while the B shares instead receive a capital distribution at the same time as, and in an equal amount to, each dividend. For certain shareholders there will be tax and other advantages in receiving a capital distribution rather than a dividend. Shares may be held and traded within units, each unit comprising three A shares and one B share.

The dividend yield on the A shares is increased due to the existence of the B shares. The B shares are innovative securities that provide returns in the form of quarterly capital distributions rather than dividends. These capital distributions fall to be taxed in accordance with rules relating to the taxation of

Chairman's Statement (continued)

chargeable gains. The attractions of the B shares have been enhanced by the changes to the UK capital gains tax regime from 6 April 2008, in particular the introduction of a single flat rate (18 per cent) of capital gains tax. A fact sheet that provides more details on the B shares is available from the Company's website (www.investorscapital.co.uk). The 'Capital Structure' section of the Annual Report also provides further information on the A and B shares.

The Company has the ability to borrow in pursuit of its investment objectives. The Company has a £33.5m loan facility with Lloyds TSB Scotland plc for a term to 28 September 2012. The Company has entered into an interest rate swap to fix the all-in rate of interest on the loan at 5.86 per cent per annum. During the year, the impact of this borrowing has been partly offset by the Company's holding of cash.

As a consequence of falling interest rates, the value of the swap was an unrealised liability of £3.4m at 31 March 2009, compared to £0.7m a year previous. This increase in the unrealised swap liability reduced the Company's net asset value by 2.1 pence per share during the year. A liability which, in the normal course, would be expected to reverse as the swap moves to its 2012 maturity.

Earnings

The Company achieved total revenue income of £7.0m for the year. The yield on the Equities Portfolio was 5.8 per cent at 31 March 2009, equivalent to a yield relative to the FTSE All-Share Capped 5% Index of 116 per cent.

The Company's revenues for the period were lower than initially forecast due to the growing number of dividend cuts within the UK equity market, most notably from the banking sector. The Company also held a higher than expected level of liquidity throughout the period reflecting the uncertain market backdrop. Interest income earned from cash balances was less than anticipated due to the exceptionally low level of interest rates which prevailed during the second half of the year.

The outlook for corporate earnings and consequently dividend income has deteriorated markedly throughout the last year. In recent years the substitution of debt for equity, often referred to as de-equitisation, has been a powerful theme in capital markets. Given the uncertain outlook for the economy many companies are re-evaluating their balance sheet structure. Faced with the need to de-leverage, together with the increased cost of accessing credit markets, many companies are coming to the conclusion that it makes sense to reduce dividends in order to maximise cash retention within the business. Should this trend become established, further dividend cuts could be more severe than investors currently anticipate.

Other key factors which affect the level of UK market dividends are the US dollar/Sterling exchange rate and the price of crude oil. The recent depreciation of Sterling has provided somewhat of a cushion for UK earnings and dividends, as over one third of UK market dividends come from companies which report in US dollars. Crude oil prices have fallen sharply during the past year to the current level of around $50 a barrel, and further weakness from these levels would cast doubt on the sustainability of dividends from the oil majors. The UK integrated oil companies, BP and Royal Dutch Shell, account for over a quarter of the total dividends from the UK market.

Income from the Higher Yield Portfolio, which comprised predominantly investment grade corporate bonds, was broadly at the level anticipated. However as a result of the deteriorating economic situation we anticipate an increase in the market rate of defaults on corporate bonds in the coming year, increasing the risk of loss of principal and coupon.

After allowing for the fourth quarter dividend, the Company had revenue reserves of £0.9m at 31 March 2009.

Dividends and Capital Returns

Dividends to A shareholders and capital distributions to B shareholders are paid quarterly in August, November, February and May each year. In respect of the distributions for the Company's first three quarters, the dividends paid on the A shares and capital distributions on the B shares were 1.325p per share for each quarter. A fourth quarter dividend will be paid to A shareholders and capital distribution to B shareholders of 1.375p per share on 8 May 2009. This results in an unchanged dividend/capital distribution of 5.35p per share in respect of the year to 31 March 2009. This represents a distribution yield for A and B shareholders of 9.0 per cent based on the share price of 59.5p as at 31 March 2009 and compares with the yield on the FTSE All-Share Capped 5% Index of 5.0 per cent at that date. For shareholders that hold units, the estimated distribution yield was also 9.0 per cent based on a unit price of 237p as at 31 March 2009.

The Company operates a distribution reinvestment scheme, details of which are available from the Company's Registrars, to enable B shareholders to reinvest their capital distributions in further B shares if they wish.

Discount and buy backs

The Company's A and B share price discount to net asset value was 1.6 per cent at 31 March 2009 and reflects a tightening of the discount compared to the prior year. Over the year, the price of the Company's A shares and B shares traded at an average discount to net asset value per share of 3.5 per cent and 3.3 per cent respectively. The Company has a stated buy back policy and, in accordance with this policy, the Company bought back net 2.1m A shares and 0.6m B shares during the year at an average discount of over 5 per cent to net asset value, thereby adding value for existing shareholders.

Since the year end, the Company has bought back a further 240,000 A shares and 80,000 B shares. The Company is not alone among investment trusts in buying back its own shares in the recent difficult market conditions.

Directors

It was with deep regret that the Board announced in March the death of Mr Micky Ingall. He had served as a non-executive Director of the Company since its launch in 2007 and had been a Director of the predecessor company since 1999. The Board would like to record its sincere appreciation of the valuable contribution that Mr Ingall made to the Company.

The Board has appointed Mr Iain McLaren as a non-executive Director. Mr McLaren retired from KPMG in 2008 having been a partner for 27 years and senior partner in Scotland from 1999 to 2004. He is currently a non-executive director and chairman of the audit committee of Cairn Energy plc and a non-executive director of Baillie Gifford Shin Nippon plc. It is proposed that Mr McLaren takes over from me as Chairman of the Company's audit committee following the conclusion of the 2009 Annual General Meeting.

Shareholders' Meeting

This year's shareholders' meeting will be held on 24 June 2009 at 80 George Street, Edinburgh EH2 3BU at 12.30 pm and I do hope as many shareholders as possible will be able to attend. The Fund Manager will make a presentation and you will be able to meet and question the Directors at the meeting, and afterwards over refreshments.

Outlook

In recent weeks financial markets appear to have stabilised as the worst fears of depression and deflation have subsided. The scale of the fiscal and monetary response over the last eighteen months, particularly from the US, has been without parallel, providing some comfort that the worst of the financial crisis may be behind us. The outlook for markets remains uncertain; however valuation metrics suggest risk assets such as equities and credit have rarely looked more attractive.

J Martin Haldane
Chairman
6 May 2009

Investment Managers and Investment Process

Rodger McNair
Lead Investment Manager

Gary Thomson
Investment Manager

Michael Campbell
Company Secretary

Rodger McNair
Lead Investment Manager
He heads the UK investment team in Edinburgh. He has over 21 years' investment experience and was appointed lead manager of the predecessor Investors Capital Trust in June 1999.

Gary Thomson
Investment Manager
He works in the UK investment team in Edinburgh. He has over 10 years' investment experience and assists in the management of Investors Capital Trust.

Michael Campbell
Company Secretary
He is a chartered accountant and has provided company secretarial services to Investors Capital Trust and its predecessor since 1995.

Investment Managers

Investors Capital Trust plc is managed by F&C Investment Business Limited, a wholly owned subsidiary of F&C Asset Management plc (F&C). F&C is a leading asset manager in both the UK and Europe with some £93 billion (at 31 March 2009) of funds under management. F&C is a company listed on the London Stock Exchange.

F&C provides management and other services to a range of investment trust clients.

Investment Process

The investment portfolio of Investors Capital Trust is split into an Equities Portfolio and a Higher Yield Portfolio.

Equities Portfolio

The Equities Portfolio is a portfolio of predominantly large and mid-sized capitalisation UK equities selected from the FTSE All-Share Index.

The investment philosophy is based on the knowledge that equity investment is one of the most reliable methods of preserving and growing capital over time.

Favoured companies are those which have the ability to sustain above-average growth in earnings and dividends over the longer term, have strong balance sheets and interest cover, are inherently cash-generative and have a stable and proven management team.

The style of management is to make long-term strategic investments; however the basic approach does not preclude the taking of a more pragmatic view of the valuation of companies through the business cycle.

Investors Capital Trust has a relatively concentrated portfolio and typically has modest portfolio turnover.

Higher Yield Portfolio

Day-to-day management of the fixed interest investments in the Higher Yield Portfolio is undertaken by the F&C Investment Business Limited specialist fixed interest team. The Higher Yield Portfolio is invested predominantly in corporate bonds. A disciplined in-house credit analysis process is adopted.

Manager's Review

Economic & Market Review

At the time of writing last year's report we set out a cautious assessment of the prospects for the global economy. We believed that the necessary reduction in leverage in the financial system together with the recapitalisation of the banking industry was likely to be a slow process which would dampen economic growth and put downward pressure on the value of both real and financial assets. While this has proven to be the case, the severity of the financial crisis deepened markedly in September last year when the US government was forced to seize control of Freddie Mac and Fannie Mae, the two government sponsored mortgage agencies. In the weeks that followed, the iconic Lehman Brothers became the first major bank to collapse since the start of the credit crisis. Many commentators believe that the failure of US authorities to act to prevent Lehman's bankruptcy was a policy error of enormous magnitude. By allowing a major banking institution to collapse with little regard for its creditors, US authorities risked a total breakdown of confidence in the banking sector. Indeed, in the wake of Lehman's demise, fears of a systemic financial collapse intensified sending markets into a mood of near panic. In response, the US government hastily put together the $700 billion Trouble Asset Relief Program, which would be the first of several large tax-payer funded initiatives aimed at stabilising financial markets. Meanwhile in the UK, a continued deterioration in wholesale money markets, a key source of bank funding, forced the UK government to part-nationalise The Royal Bank of Scotland, HBOS and Lloyds TSB as part of a £350 billion rescue package for the UK banking industry. Co-ordinated interest rate cuts from six of the world's key central banks followed in an attempt to breathe life back into credit markets.

By November the market's focus was turning to the impact of the financial crisis on the real economy as official statistics confirmed that the US, UK and Eurozone economies were slowing rapidly. Fears of a deep and protracted recession pushed crude oil prices, which had hit a high of $147 in July 2008 to a low of almost $32 a barrel in December. Central banks around the world continued to reduce aggressively interest rates. By January this year UK base rates had fallen to 0.5 per cent, the lowest level in the 315 year history of the Bank of England. However, with little sign of improvement in the growth of credit both the Federal Reserve and the Bank of England have, in recent months, embarked on quantitative easing, often referred to as ''printing money''. In the UK, the combination of the sharp economic downturn combined with a banking crisis has left public sector finances precariously weak and there remains a risk that currency and bond markets lose confidence in policy decisions. There is less of a risk of a funding crisis in the US as the US dollar still benefits from reserve currency status.

Despite our cautious assessment of global economic prospects, the UK equity market began the Company's year on a reasonably firm footing. This was to prove short-lived as the ongoing dislocation in credit markets began to weigh heavily on investor confidence. In September the 10 year gilt yield and the equity dividend yield crossed over for the first time since March 2003, a move that would normally be seen as strongly supportive for equities. However gilt yields continued to fall sharply to levels not seen since the early 1960's while the equity market continued to slide as investors worried about the impact of recession, deflation and the consequent impact on corporate earnings and dividends. For the year as a whole the FTSE All-Share Capped 5% Index total return was minus 29.7 per cent.

Within fixed interest markets, government bonds benefited from central banks' actions to reduce interest rates to close to zero. However, the vast increase in government budget deficits and consequent implications for future issuance curtailed the performance of longer dated maturities. As with equities, corporate bonds were hit hard by the deteriorating economic circumstances with the debt of financial issuers suffering most acutely. The total return on investment grade credit during the year was –5.9 per cent. compared to –23.0 per cent. for non investment grade corporate bonds.

Manager's Review (continued)

Portfolio Review

The total return of the Company's Equity Portfolio was minus 26.1 per cent over the year to 31 March 2009 representing a 3.6 per cent out-performance relative to the FTSE All-Share Capped 5% Index, the Company's benchmark. The Equities Portfolio has a bias towards companies which have strong balance sheets, above average visibility of earnings, strong cash flow and good dividend cover. This ''defensive'' positioning contributed to the out-performance of the Equities Portfolio as investors sought businesses that were better placed to weather the deteriorating economic environment.

During a year that saw the UK equity market decline by almost a third in value there were few holdings that recorded an absolute gain. The portfolio benefited from the substantial exposure to the pharmaceutical sector as both holdings, AstraZeneca and GlaxoSmithKline, delivered positive returns. The portfolio also benefited from the strong relative performance from both tobacco holdings, Imperial Tobacco and British American Tobacco which continued to offer a resilient trading outlook. The portfolio was also well served by its exposure to the utilities and aerospace sectors. The Company had a relatively modest exposure to the banking sector as we were, and remain, concerned about the impact of an economic recession on banks' highly leveraged balance sheets. We believe that dividends will be a key driver of long term equity returns and the Equities Portfolio remains focused on those companies that we believe can offer greater surety of income although we acknowledge that the extent of the global economic downturn suggests that corporate earnings and dividends will be under some considerable pressure in the year ahead.

Over the past year, the Higher Yield Portfolio has been invested in a broad based portfolio of predominantly investment grade corporate bonds with exposure to both financial and non financial issues. During the early stages of the financial crisis evidence suggested that regulators would seek to protect bond holders due to the importance of credit markets to the financial system as a whole. This position changed with the collapse of Lehman and consequently the debt of financial issuers fell sharply in value with many corporate bonds losing their investment grade status. The debt of non-financial issuers, in particular non investment grade issues, was impacted by the widespread deterioration in credit quality and a corresponding increase in defaults. The overall return on the Company's Higher Yield Portfolio during the year was –10.5 per cent.

The Company held a larger then usual cash balance throughout the year reflecting our caution over the prospects for markets generally. This served to reduce the effective gearing and offer some protection to the net asset value.

Outlook

There is little doubt that the near term outlook for global economic growth and corporate profits remains extremely challenging. However in the longer term the scale and speed of the fiscal and monetary response to the current financial crisis, particularly from the US, gives some encouragement that the global economy can avoid the economic stagnation that blighted the Japanese economy for a decade during the post asset bubble era of the 1990's. Interest rates are close to zero, monetary policy has moved into unconventional territory with authorities ''printing money'' and the process of recapitalising the banking industry is underway. Nevertheless the unwinding of leverage from the credit boom will take years and require a rebalancing of the economy from consumption to saving, suggesting the economic recovery, when it arrives, may be relatively subdued. Against this background dividends are likely to provide an important component of total return and we expect that investors will continue to reward companies which have strong balance sheets and demonstrate dividend resilience.

Rodger McNair
Investment Manager
F&C Investment Business Limited
6 May 2009

Classification of Investments

Total Portfolio Summary (at 31 March 2009)

	2009 Market Value £'000	% of Total Assets	% of Total Portfolio Income	% Yield
Equities Portfolio	56,708	50.2	54.3	5.8
Higher Yield Portfolio	30,953	27.4	43.4	12.0
Net Current Assets	25,313	22.4	2.3	
Total Assets (less Current Liabilities)	112,974	100.0	100.0	
Bank Term Loan & Interest Rate Swap	(36,888)	(32.7)		
Net Assets Attributable to Shareholders	76,086	67.3		

Equities Portfolio

Sector	2009 % Equities Portfolio	2009 FTSE All-Share Capped 5% Index
Oil & Gas	15.5	15.5
Basic Materials	8.3	9.8
Industrials	9.6	7.6
Consumer Goods	14.0	13.6
Healthcare	11.4	10.0
Consumer Services	16.9	11.7
Telecommunications	7.5	6.2
Utilities	8.7	4.8
Financials	8.1	19.4
Technology	–	1.4
Total	100.0	100.0

Higher Yield Portfolio

Security Ratings	2009 Higher Yield Portfolio Weighting %
AAA	3.2
AA	13.1
A	40.4
BBB	27.2
BB	4.8
B	8.4
CCC or lower	2.9
	100.0

Equities Portfolio

At 31 March 2009

Company	2009 Market Value £'000	2009 % of Equities Portfolio
Vodafone Vodafone is the largest global provider of mobile telecommunications services.	3,887	6.9
GlaxoSmithKline GlaxoSmithKline is a global manufacturer and marketer of pharmaceutical products.	3,831	6.8
BP BP is one of the world's largest integrated oil and gas companies.	3,583	6.3
British American Tobacco British American Tobacco is involved in the manufacture, marketing and selling of cigarettes and other tobacco products.	3,224	5.7
Royal Dutch Shell Royal Dutch Shell is one of the world's largest integrated oil and gas companies.	3,043	5.4
AstraZeneca AstraZeneca is involved in the research, manufacture and sale of pharmaceuticals.	2,618	4.6
HSBC HSBC provides a comprehensive range of banking and related financial services on a global basis.	2,291	4.0
Scottish & Southern Energy Scottish & Southern Energy generates, transmits, distributes and supplies electricity to industrial, commercial and domestic customers in the UK.	1,971	3.5
BG Group BG Group specialises in the exploration, production, transmission and distribution of gas, oil and liquefied natural gas.	1,899	3.3
BHP Billiton BHP Billiton is an international resources company whose principal business lines are mineral exploration and production.	1,836	3.2
Ten largest equity investments	**28,183**	**49.7**

Company	Sector	2009 Market Value £'000	2009 % of Equities Portfolio
Tesco	Food Retailers	1,584	2.8
Compass	Travel & Leisure	1,564	2.8
Rio Tinto	Mining	1,531	2.7
BAE Systems	Aerospace & Defence	1,443	2.5
National Grid	Gas, Water & MultiUtilities	1,416	2.5
Reckitt Benckiser	Household Goods	1,253	2.2
Anglo American	Mining	1,157	2.0
Unilever	Food Producers	1,126	2.0
Cobham	Aerospace & Defence	1,081	1.9
Imperial Tobacco	Tobacco	1,070	1.9
Twenty largest equity investments		**41,408**	**73.0**
Marks & Spencer	General Retailers	958	1.7
Bunzl	Support Services	901	1.6
William Hill	Travel & Leisure	876	1.5
Reed Elsevier	Media	816	1.4
United Business Media	Media	748	1.3
Home Retail Group	General Retailers	732	1.3
Morrisons	Food Retail	670	1.2
Land Securities	Real Estate	668	1.2
Centrica	Gas, Water & MultiUtilities	665	1.2
Rexam	General Industrial	635	1.1
Thirty largest equity investments		**49,077**	**86.5**
International Power	Electricity	597	1.1
Whitbread	Travel & Leisure	573	1.0
Aviva	Life Insurance	572	1.0
Associated British Foods	Food Producers	556	1.0
FirstGroup	Travel & Leisure	553	1.0
Carillion	Construction & Materials	507	0.9
Diageo	Beverages	483	0.8
Prudential	Life Insurance	467	0.8
BSkyB	Media	385	0.7
BT Group	Fixed Line Telecom	378	0.7
Forty largest equity investments		**54,148**	**95.5**
Pearson	Media	375	0.7
Barclays	Banks	374	0.7
VT Group	Aerospace & Defence	360	0.6
Severn Trent	Gas, Water & MultiUtilities	283	0.5
John Wood Group	Oil Equipment Services	268	0.5
Royal Bank of Scotland	Banks	215	0.4
Xstrata	Mining	190	0.3
Smiths Group	General Industrial	188	0.3
Laird	Electronic Equipment	158	0.3
SIG	Support Services	149	0.2
Total equity investments		**56,708**	**100.0**

Higher Yield Portfolio

At 31 March 2009

Security	Sector	2009 Market Value £'000	2009 % of Higher Yield Portfolio
Irish Nationwide Building Society FRN 16/11/09	Mortgage Banks & Thrifts	767	2.5
Iron Mountain 7.25% 15/04/14	Support Services	714	2.3
Canandaigua Brand 8.5% 15/11/09	Beverage	644	2.1
Land Securities 4.625% 03/02/13	Real Estate Investment Trust	638	2.1
Virgin Media 8.75% 15/04/14	Media – Cable	590	1.9
Segro 7.125% 17/02/10	Real Estate Investment Trust	586	1.9
Credit Suisse 8.25% 10/07/09 Perpetual	Banking	544	1.7
Johnsondiversey 9.625% 15/05/12	Support Services	505	1.6
GlaxoSmithKline 4.85% 15/05/13	Pharmaceuticals	498	1.6
Portugal Telecom 4.625% 07/04/09	Telecom – Integrated/Services	463	1.5
Ten largest higher yield investments		**5,949**	**19.2**
Sutton Bridge 8.625% 30/06/22	Electricity Generation	460	1.5
Finance for Danish Industries 6% 06/02/12	Banking	450	1.5
Kraft Foods 5.75% 20/03/12	Food – Wholesale	431	1.4
Merrill Lynch FRN 08/02/10	Brokerage	431	1.4
Alliance Boots 5.5% 26/05/09	Consumer Products	406	1.3
France Telecom 6% 29/03/12	Telecom – Integrated/Services	405	1.3
Altria Group 8.5% 10/11/13	Tobacco	388	1.2
National Australia 3.875% 04/06/15	Banking	359	1.2
M&DB FRN 15/07/20	Building & Construction	352	1.1
Society of Lloyds 6.875% 17/11/25	Multi-Line Insurance	341	1.1
Twenty largest higher yield investments		**9,972**	**32.2**
Marks & Spencer 5.875% 29/05/12	Non-Food & Drug Retailers	340	1.1
Diageo Finance 5.2% 30/01/13	Food – Wholesale	338	1.1
Dr Pepper 6.12% 01/05/13	Beverage	331	1.1
Southern Gas Network FRN 21/10/15	Gas Distribution	327	1.1
Casino 6.375% 04/04/13	Food & Drug Retailers	326	1.0
Vodafone 4.625% 15/07/18	Telecom – Wireless	320	1.0
Irish Nationwide Building Society 6.25% 26/06/12	Mortgage Banks & Thrifts	320	1.0
GE Capital 6% 11/04/13	Cons/Comm/Lease Financing	309	1.0
ANZ 6.54% 15/06/12 Perpetual	Banking	299	1.0
Paragon Group 7% 20/04/17	Mortgage Banks & Thrifts	276	0.9
Thirty largest higher yield investments		**13,158**	**42.5**
Standard Chartered 6% 25/01/18	Banking	266	0.9
Royal Bank of Scotland 5.25% 15/05/13	Banking	265	0.9
Pearson 5.5% 06/05/13	Media – Diversified	264	0.8
Fiat F&T 6.625% 15/02/13	Automotive	263	0.8
International Endesa 6.125% 05/07/12	Electricity – Integrated	258	0.8
Telecom Italia FRN 18/07/11	Telecom – Integrated/Services	248	0.8
SLM 4.875% 17/12/12	Cons/Comm/Lease Financing	246	0.8
Investec Finance 7.75% 01/03/16	Banking	244	0.8
Wind Acquisition Finance 9.75% 01/12/15	Telecom – Wireless	243	0.8
Clydesdale Bank 4.875% 17/02/16	Banking	235	0.8
Forty largest higher yield investments		**15,690**	**50.7**
Other higher yield investments (132)		**15,263**	**49.3**
Total higher yield investments		**30,953**	**100.0**

Capital Structure

At 31 March 2009

The Company has a capital structure comprising A shares and B shares. In addition, the Company has a bank loan.

The Company's capital structure offers shareholders the opportunity to receive quarterly returns in the form of either dividends, capital returns, or both, to suit their own particular circumstances.

The Company has two classes of shares: A shares and B shares. The rights of each class of shares are identical, save in respect of the right to participate in dividends and capital distributions. Irrespective of these distribution rights, the net asset value attributable to each class of shares is the same.

Only A shares carry a right to participate in dividends paid by the Company. B shares are not entitled to dividends but each B share instead carries the right to receive a capital distribution at the same time as, and in an amount equal to, each dividend paid in respect of A shares.

For certain shareholders, there may be tax or other advantages in receiving a capital distribution rather than a dividend. Dividends paid on the A shares will be taxed on receipt in the normal way for dividends. Capital distributions received on B shares will fall to be taxed in accordance with the rules relating to the taxation of chargeable gains (see further information below).

It is the Company's policy to maintain the ratio of A shares to B shares (excluding shares held in Treasury) within the range 72.5 : 27.5 and 77.5 : 22.5.

These two securities can be traded together in the form of a unit with each unit consisting of three A shares and one B share.

Bank Loan Facility

The Company has a sterling term bank loan in the amount of £33.5 million which matures on 28 September 2012. The rate of interest has been fixed at 5.8635 per cent per annum through an interest rate swap with the same terms and maturity as the bank loan. The returns of both the A shares and B shares are geared by this bank loan.

Further information on the B Shares

What is different about the B shares?

The B shares are just like any other ordinary share except that, instead of dividends, B shareholders receive capital distributions, so B shareholders will receive the same amount of cash on a quarterly basis as A shareholders, but when it comes to the tax on these capital distributions there are potential benefits. Effectively, no UK tax is due on receipt of the capital distributions. So a higher rate taxpayer, for example, will not be liable on receipt to the 25 per cent additional income tax that would normally be applicable on receipt of a dividend. This is because the capital distribution is taxed under UK Capital Gains Tax ('CGT') rules rather than Income Tax rules. It is only when the B shares are disposed of that the capital distributions received need to be taken into account as part of the CGT disposal calculation. From 6 April 2008, a flat rate of Capital Gains Tax applies of 18 per cent on disposals. If the shares continue to be held until death, no CGT arises in respect of the capital distributions. The value of the holding will, however, be taken into account for Inheritance Tax purposes, if applicable.

Further details are available on the website: **www.investorscapital.co.uk**

Capital Structure (continued)

Reinvestment of returns.

If you hold the B shares on the main shareholder register, there is a distribution reinvestment scheme which allows you, if you wish, to reinvest the capital distributions in further B shares rather than receive the cash. Such reinvestment will be made through a market purchase of existing shares. Please note that stamp duty of 0.5 per cent will be payable on the purchase of further shares.

A summary of the tax benefits.

The capital distributions paid on the B shares will be taxed for individuals under CGT rules rather than Income Tax rules. Holders of B shares therefore have more scope for tax planning (for example, by selling shares within the annual CGT exempt amount, or by offsetting gains against capital losses).

UK tax is not, in normal circumstances, due on receipt of the quarterly capital distributions and you do not need to include them on your tax return. Instead, when you dispose of B shares, an amount equivalent to the capital distributions you have received is deducted from the tax base cost as part of the CGT calculation. This treatment applies because the quarterly sums are treated as 'small capital receipts' under CGT rules; being either less than 5 per cent of the market value of the B shareholding at the date of receipt or less than £3,000.

An individual B shareholder's annual exempt amount for CGT purposes is not reduced or prejudiced by this treatment of capital distributions. Non-UK resident shareholders will not be subject to UK tax on capital distributions, although local tax could arise.

A detailed description of taxation of the B shares was contained in the Company's launch Prospectus, which is available on request.

The above is based on an understanding of HM Revenue and Customs' legislation and practice at the time of publication. Tax rates and reliefs depend on the circumstances of the individual investor, are subject to government legislation and may change in the future. You should consult your tax adviser on your own individual tax circumstances.

Board of Directors

Martin Haldane

Chairman

age 67, was appointed in 2007, having been Chairman of the predecessor company. He was previously senior partner of Chiene & Tait, C.A., chairman of Shires Income plc and deputy chairman of Scottish Life Assurance Company.

Herschel Post

(Senior Independent Director)

age 69, was appointed in 2007, having been a Director of the predecessor company. He was previously International Managing Director Business Development of Christie's International plc and Deputy Chairman of EFG Private Bank Limited. He is a director of Ahli United Bank (UK) plc, Euroclear UK & Ireland Limited, Euroclear plc, Threadneedle Asset Management Holdings SARL and various overseas companies. He was formerly chief executive officer and deputy chairman of Coutts & Co UK.

Iain McLaren

age 58, was appointed on 19 March 2009. He was previously senior partner in Scotland of KPMG. He is currently a director and chairman of the audit committee of Cairn Energy plc and a director of Baillie Gifford Shin Nippon plc.

Kenneth Shand

age 49, was appointed in 2007, having been a Director of the predecessor company. He is a partner and board member of Maclay Murray & Spens LLP, Solicitors. His practice focuses on corporate finance and mergers and acquisitions.

Report of the Directors

The Directors submit the Annual Report and Accounts of the Company for the year to 31 March 2009.

Results and Dividends

The results for the year are set out in the Income Statement of the following accounts.

First, second and third quarter dividends, each of 1.325p per A share, were paid on 8 August 2008, 7 November 2008 and 6 February 2009 respectively. A fourth quarter dividend of 1.375p per A share is payable on 8 May 2009 to A shareholders on the register at close of business on 3 April 2009.

Principal Activity and Status

The Company is registered as a Public Limited Company in terms of the Companies Act 2006 (number: SC314671). The Company is an investment company under section 833 of the Companies Act 2006.

The Company has been approved by HM Revenue & Customs as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 for the period ended 31 March 2008. As a result, it is not liable to corporation tax on capital gains. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain approval as an investment trust.

The Company is required to comply with company law, the rules of the UK Listing Authority, International Financial Reporting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies (the 'AIC').

A review of the Group's business during the year, the position of the Company at the year end, and outlook for the coming year is contained in the Chairman's Statement and Manager's Review.

Investment Policy

The Company's objective is to provide an attractive return to shareholders in the form of dividends and/ or capital returns, together with prospects for capital growth.

In pursuit of this objective, the Company's investment policy is to manage the Company's investment portfolio in two distinct parts. The first part of the Company's portfolio presently comprises investments in UK equities (the Equities Portfolio) and the second part comprises investments in fixed interest and other higher yielding stocks and securities (the Higher Yield Portfolio). The proportion of the Company's portfolio represented by the Equities Portfolio and the Higher Yield Portfolio will vary as a result of market movements and the proportion may also be varied by the Board and Manager over time, depending upon market circumstances, in pursuit of the Company's investment objective.

The Equities Portfolio is invested predominantly in UK equities and equity-related securities of large and mid-sized companies. The Manager's objective for the Equities Portfolio will be to achieve a total return in excess of that of the FTSE All-Share Capped 5% Index. In managing the Equities Portfolio, the Manager will approach portfolio construction with the aim of selecting stocks which are expected to be core long-term holdings. This entails having relatively low turnover in the Equities Portfolio with approximately 50 holdings at any given time. The Manager expects few individual holdings to exceed five per cent. of the Equities Portfolio, and intends to spread stock weightings across the Equities Portfolio; the effect of this should be to spread investment risk.

The Higher Yield Portfolio is invested predominantly in corporate bonds (both investment grade and non-investment grade) but may also be invested, from time to time, in other higher yielding securities where the Manager believes performance could be enhanced and/or portfolio risk reduced without prejudicing the target yield. The Higher Yield Portfolio is diversified by stock, sector and credit risk and is expected to comprise over 50 holdings. A majority of the fixed interest securities within the Higher Yield Portfolio is expected to be Sterling denominated but securities with denominations other than Sterling will also be held to provide portfolio diversification, with overseas currency exposure being hedged.

Income may be enhanced from the Equities Portfolio by writing call options, but only where the portfolio has an existing holding and the holding is greater than the amount of stock subject to the call option. The Manager will limit the percentage of the Equities Portfolio used to generate call premium to 5 per cent. by value at any one time. The Company may use derivatives for efficient portfolio management from time to time.

The Company has the power under its Articles to borrow an amount up to 100 per cent. of the Company's Adjusted Capital and Reserves. The Directors currently intend that the aggregate borrowings of the Company will be limited to approximately 20 per cent. of the Company's gross assets immediately following drawdown. The Directors will, however, retain flexibility to increase or decrease the level of gearing to take account of changing market circumstances and in pursuit of the Company's investment objectives.

Any material change to the investment policy of the Company will only be made with shareholders' approval.

As required by the Listing Rules, the Company has stated that it has a policy to invest no more than 15 per cent. of gross assets in other listed investment companies.

An explanation of how the Company has invested its assets with a view to spreading investment risk in accordance with its investment policy is contained under the heading *Management of Assets and Shareholder Value* below. An analysis of the portfolio is contained on the page entitled 'Classification of Investments' and the largest investments are shown on pages entitled 'Equities Portfolio' and 'Higher Yield Portfolio'.

Business Review

Strategy

The Company's investment objective is to provide an attractive return to shareholders each year in the form of dividends and/or capital returns, together with prospects for capital growth.

As part of its strategy, the Board has contractually delegated the management of the investment portfolio, and other services, to F&C Investment Business Limited.

The Company's performance in meeting its objectives is measured against key performance indicators ('KPIs') as set out below.

The Chairman's Statement and Manager's Review within this Report provide a review of investment performance, investment portfolio and market conditions during the year and the outlook for the coming year, both of which form part of this Business Review.

Principal Risks and Risk Management

The Company's assets consist mainly of listed equity and fixed interest securities and its principal risks are therefore market-related. More detailed explanations of these risks and the way in which they are managed are contained in the notes to the accounts.

Other risks faced by the Company include the following:

- External – events such as terrorism, protectionism, inflation or deflation, economic recessions and movements in interest rates and exchange rates could affect share prices in particular markets.
- Investment and strategic – incorrect strategy, asset allocation, stock selection and the use of gearing could all lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of section 842 of the Income and Corporation Taxes Act 1988 could lead to the Company being subject to tax on capital gains.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching loan covenants could lead to a loss of shareholders' confidence and financial loss for shareholders.

The Board seeks to mitigate and manage these risks through continual review, policy setting and reliance upon contractual obligations. It also regularly monitors the investment environment and the management of the Company's investment portfolio, and applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Company's internal controls are described in more detail later in the Report of the Directors.

Report of the Directors (continued)

Management of Assets and Shareholder Value

As stated above, the Board has contractually delegated the management of the investment portfolio to F&C Investment Business Limited.

The Company invests in companies which the Manager believes will generate a combination of long-term growth in capital and income for shareholders. The selection of investments is based on analysis of, amongst other things, market positioning and competitive advantage, financial strength, credit risk and cashflow characteristics.

Investment risks are spread through holding a wide range of securities in different industrial sectors. As at 31 March 2009, the portfolio was made up of 222 investments comprising 50 in the Equities Portfolio and 172 in the Higher Yield Portfolio. The Managers make use of third party risk systems to monitor investment risk. At each Board meeting, the Board receives a presentation from the fund manager.

The Company's borrowings consist of a fixed rate bank loan of £33.5 million, which is described in more detail in the notes to the accounts. The Board receives recommendations on gearing levels from the Manager and it is responsible for setting the gearing range within which the Manager may operate.

The Board and Manager recognise the importance of both marketing and share buy-backs in enhancing shareholder value. In terms of marketing, the Manager offers a range of private investor savings schemes, details of which can be found in the 'How to Invest' section of this report. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment trust sector. Share buy-backs help reduce the volatility of the discount and enhance the net asset value per share for continuing shareholders. Communication of up-to-date portfolio information is made through the Company's website.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Distribution level of A and B shares.
- Net asset value total returns relative to the total return on the FTSE All-Share Capped 5% Index.
- Discount of the share price of the A and B shares relative to net asset value.
- Total expenses as a ratio of shareholders' funds.

A record of these indicators is contained in the page entitled 'Performance Summary'. Additional comments are provided in the Chairman's Statement and Manager's Review discussing the performance of the Company over the current year.

Subsidiary Company

The Company has a 100 per cent. interest in Investors Securities Company Limited, a company which deals in investments. In the year to 31 March 2009, Investors Securities Company Limited made a profit before taxation of £nil.

Investors Securities Company Limited did not trade during the year to 31 March 2009.

Directors

The terms of Directors' appointments provide that Directors should retire and be subject to re-election including at the first Annual General Meeting following their appointment.

On 19 March 2009 Mr I A McLaren, whose biographical details are shown on the 'Board of Directors' page, was appointed a Director. In accordance with the Company's Articles of Association he will retire at the Annual General Meeting, being the first such meeting following his appointment and, being eligible, offers himself for election.

As explained in more detail under the first page of the Corporate Governance section, the Board has agreed that Directors who have served on the Board (including the Board of the predecessor Company) for more than nine years will retire annually. Accordingly, Mr Haldane and Mr Post will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

The Board confirms that, following formal performance evaluations, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board believes, therefore, that it is in the interests of shareholders that these Directors are re-elected.

The Directors who held office and their interests in the shares and other securities of the Company at 31 March 2009 were:

	31 March 2009 A Shares	31 March 2009 B Shares	1 April 2008 A Shares	1 April 2008 B Shares
J M Haldane				
Beneficial	–	31,496	–	16,496
Non-Beneficial	–	15,000	–	15,000
I A McLaren	–	–	–	–
H Post*				
Beneficial	9,801	3,267	9,132	3,044
K D Shand	–		–	–

* Mr H Post's holding was held within units.

The office of Director does not require a shareholding.

There have been no changes in the holdings of the Directors since 31 March 2009 up to the date of this report.

No Director has any material interest in any contract to which the Company is a party. No Director has a contract of service with the Company.

Directors' Deeds of Indemnity

The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds give each Director the benefit of an indemnity to the extent permitted by the Companies Act against liabilities incurred by each of them in the execution of their duties and the exercise of their powers. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Substantial Interests in Share Capital

At 6 May 2009 the following holdings representing more than 3 per cent of the Company's issued relevant share capital had been reported:

	A Shares Number held	Percentage held
Clients of F&C Asset Management plc	21,661,374	22.6
D. C. Thomson & Company Limited	8,824,869	9.2

	B Shares Number held	Percentage held
D. C. Thomson & Company Limited	2,941,623	9.8
Clients of F&C Asset Management plc	2,714,529	9.0

Management and Management Fees

Details of the contract between the Company and F&C Investment Business Limited in respect of management services provided are given in the notes to the accounts.

Since the end of the year, the Remuneration Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review the Committee considered the past investment performance of the Company and the ability of the Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include company secretarial, accounting and marketing services. Following this review, it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Other Companies Act Disclosures

- The Company's capital structure is explained in the 'Capital Structure' section of this Annual Report and details of the share capital, including voting rights, are set out in note 17 to the accounts. Details of voting rights are also set out in the Notes to the Notice of Annual General Meeting. At 31 March 2009, the total issued share capital of the Company was represented 76.1 per cent by A shares and 23.9 per cent by B shares.
- Details of the substantial shareholders in the Company are listed above.
- The rules for appointment and replacement of Directors are contained in the Articles of Association of the Company. In respect of retiral by rotation, the Articles of Association provide that each Director requires to retire at the third annual general meeting after the annual general meeting at which he was last elected.
- Amendment of the Articles of Association and powers to issue and buy back shares require shareholder authority.
- There are no significant restrictions concerning the transfer of securities in the Company (other than certain restrictions imposed by laws and regulations such as insider trading laws); no agreements known to the Company concerning restrictions on the transfer of securities in the

Company or on voting rights; and no special rights with regard to control attached to securities. Pursuant to the Company's bank facility, mandatory prepayment may be required in the event of a change of control of the Company; there are no other significant agreements which the Company is a party to that might be affected by a change of control of the Company following a takeover bid.

- There are no agreements between the Company and the Directors providing for compensation for loss of office that occurs because of a takeover bid.

Corporate Governance

Arrangements in respect of corporate governance have been put in place by the Board, which it believes are appropriate to an investment trust. The Company complied throughout the year with the provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council ('the Code') available at website: www.frc.org.uk. The Board has also taken into account the recommendations of the AIC Code of Corporate Governance ('the AIC Code') issued in May 2007. Since all the Directors are non-executive, the Company is not required to comply with the provisions of the Code in respect of Directors' remuneration, except in so far as they relate specifically to non-executive Directors.

Under the requirements of the Articles of Association, each Director requires to retire at the third Annual General Meeting after the Annual General Meeting at which he was last elected. Directors are appointed for a specified term of no more than three years as recommended by the Code, subject to reappointment by shareholders. Full details of the duties of Directors are provided at the time of appointment.

The Board consists solely of non-executive Directors. Mr J M Haldane is Chairman and Mr H Post is the Senior Independent Director. All Directors are considered by the Board to be independent of the Company's Manager. New Directors receive an induction from the Manager on joining the Board, and all Directors are made aware of appropriate training courses.

Mr Haldane and Mr Post have served on the Board and the Board of the predecessor company together for more than nine years. Both will seek re-election annually. The Board believes that longer serving Directors should not be prevented from forming part of an independent majority, which is consistent with the view expressed within the AIC Code. The Board does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board believes that continuity and experience add significantly to the strength of the Board and therefore no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed.

The Company has no executive Directors or employees. A management agreement between the Company and its Manager, F&C Investment Business Limited, sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Board of Directors. The Board currently meets at least five times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted where practicable in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Throughout the year a number of committees has been in operation. The committees are the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Audit and Nomination Committees comprises the full Board and is chaired by Mr Haldane. The Remuneration Committee comprises the full Board and is chaired by Mr Post. Terms of reference for these Committees are available on request.

The Audit Committee operates within clearly defined terms of reference. The Board has concluded that Mr Haldane, given his significant previous experience in the accounting profession, is best suited to the role of the chairman of the Audit Committee, although this is not in line with provision C.3.1 of the Code. Following the appointment of Mr McLaren as a Director and given his significant accounting experience, he will become Chairman of the Audit Committee following the Company's 2009 Annual General Meeting. The duties of the Audit Committee include reviewing the Financial Statements, the system of internal controls, and the terms of appointment of the auditors together with their remuneration. The objectivity of the auditors is reviewed by the Audit Committee which also reviews the terms under which the external auditors are appointed to perform non-audit services. It also provides a forum through which the auditors may report to the Board of Directors and meets at least twice a year. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Such non-audit fees amounted to £14,000 for the year ended 31 March 2009 (period to 31 March 2008: £187,000, including £175,000 relating to the Company's launch) and related mostly to the provision of a review of the interim financial information and taxation services. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company.

The Remuneration Committee reviews the appropriateness of the Manager's continuing appointment together with the terms and conditions thereof on a regular basis.

The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board. In relation to the appointment of Mr McLaren, an external search consultancy was used.

During the year the performance of the Board and Committees was evaluated through a formal assessment process, led by the Chairman. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. This process involved consideration of completed questionnaires designed to suit the nature of the Company and discussion of the points arising amongst the Directors.

The table below sets out the number of Board and Committee meetings held during the year ended 31 March 2009 and the number of meetings attended by each Director.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

	Board of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J M Haldane	5	5	2	2	1	1	3	3
I A McLaren (appointed 19/03/09)	–	–	–	–	–	–	–	–
M L Ingall (deceased 28/02/09)	5	5	2	2	1	1	3	3
H Post	5	5	2	2	1	1	3	3
K D Shand	5	5	2	2	1	1	3	3

Report of the Directors (continued)

The Company does not have a fixed life. However, in the event that the net asset value total return performance of the Company is less than that of the FTSE All-Share Capped 5% Index over the relevant five year period, shareholders will be given the opportunity to vote on whether the Company should continue, by ordinary resolution at the Company's Annual General Meeting. The first five year period for these purposes shall terminate at the end of the Company's financial year in 2012.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the guidance provided by the Turnbull Committee. The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers.

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, which are reported on by a firm of external auditors, together with the Manager's internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

Environment

The Company seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken on behalf of the Company. The Company's Manager considers socially responsible investment and actively engages with investee companies.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The Manager will give a short presentation on the Company at the Annual General Meeting.

Creditor Payment Policy

The Company's payment policy is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

Auditors

The Directors appointed Ernst & Young LLP as auditors of the Company and a resolution confirming their re-appointment will be submitted at the forthcoming Annual General Meeting.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank debt, interest rate swap, foreign exchange currency contracts, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in the notes to the accounts.

Recommendation

The Directors consider that the passing of the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of those resolutions. Information on shareholder voting rights is set out in the Notes to the Meeting.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot A shares and B shares. Resolution 7 will, if passed, authorise the Directors to allot new A shares up to an aggregate nominal amount of £4,779 consisting of 4,778,907 A shares and new B shares up to an aggregate nominal amount of £1,497 consisting of 1,497,335 B shares, being 5 per cent of the total issued A shares and B shares (excluding treasury shares) as at 6 May 2009. This authority therefore authorises the Directors to allot up to 6,276,242 shares in aggregate representing 5 per cent of the total ordinary share capital in issue (excluding treasury shares). Resolution 8 will, if passed, authorise the Directors to allot new A shares up to an aggregate nominal amount of £4,779 and new B shares up to an aggregate nominal amount of £1,497, being 5 per cent of the total issued A shares and B shares (excluding treasury shares) as at 6 May 2009, for cash without first offering such shares to existing shareholders pro rata to their existing holdings. This authority therefore authorises the Directors to allot up to 6,276,242 shares in aggregate for cash on a non pre-emptive basis representing 5 per cent of the total ordinary share capital in issue. These authorities will continue until the earlier of 24 September 2010 and the conclusion of the Annual General Meeting in 2010. The Directors have no current intention to exercise this authority and will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and will not result in a dilution of net asset value per share. The Directors consider that the authorisations proposed in resolutions 7 and 8 are necessary to retain flexibility, although they do not intend to exercise the powers conferred by these authorisations at the present time.

Directors' Authority to Buy Back Shares

During the year to 31 March 2009 the Company purchased for treasury 2,145,000 A shares, representing 2.3 per cent of the A shares in issue at the previous year end, for a total consideration of £1,629,000. 2,057,296 A shares were cancelled from treasury during the year, representing A shares held in treasury for more than 18 months.

During the year to 31 March 2009, the Company purchased for cancellation 715,000 B shares, representing 2.3 per cent of the B shares in issue at the previous year end, for a total consideration of £544,000. 100,000 B shares were re-sold during the year from treasury raising net proceeds of £60,000. 1,088,432 B shares were cancelled from treasury during the year, representing B shares held in treasury for more than 18 months.

The current authority of the Company to make market purchases of up to 14.99 per cent of each of the issued A shares and the B shares (in each case, excluding shares held in treasury) expires at the end of the Annual General Meeting and Resolution 9, as set out in the notice of the Annual General Meeting, seeks renewal of that authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of each of the issued A shares and issued B shares of the Company on the date of the passing of the resolution. The price paid for shares will not be less than the nominal value of 0.1p per share nor more than the higher of (a) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share and is in the interests of the shareholders. Any shares purchased under this authority will either be held in treasury or cancelled. This authority will expire on the later of 24 September 2010 and the conclusion of the next Annual General Meeting of the Company.

Since the year end the Company has purchased for treasury 240,000 A shares and 80,000 B shares and there were 125,524,847 A shares and B shares in issue as at 6 May 2009; of which 76.1 per cent represents A shares and 23.9 per cent represents B shares. At that date, the Company held 6.8 per cent of the total A share capital in treasury and 7.1 per cent of the total B share capital in treasury.

The Company therefore in aggregate holds 8,619,000 shares in treasury representing 6.9 per cent of the total ordinary share capital in issue (excluding treasury shares).

Treasury Shares

The Board continues to believe that the effective use of treasury shares assists the liquidity in the Company's securities and management of the discount by addressing imbalances between demand and supply for the Company's securities. The discount management policy that was adopted at the time of the Company's launch in 2007 included the ability of the Company to resell treasury shares at a discount to net asset value, subject to certain conditions (see Resolution 10 below).

Resolution 10, if passed, will continue to allow the Company to sell shares from treasury at a discount to net asset value. Shares would only be resold from treasury when market demand is identified and, pursuant to the authority conferred by this resolution, at a price representing a discount of not more than 5 per cent to net asset value at the time of resale, subject to the conditions that, first, the discount at which Shares are to be resold must be less than the average discount at which Shares held in treasury have been repurchased and, second, the net asset value dilution in any one financial year must not exceed 0.5 per cent of net assets. Resolution 10 is conditional on the passing of Resolution 11.

Resolution 11, if passed, will enable the Company to sell Shares from treasury without having first to make a pro rata offer to existing shareholders. This authority will be limited to Shares representing approximately 10 per cent of the Company's issued A share capital and B share capital as at the date of passing of the resolution. Resolution 11 is not conditional on the passing of Resolution 10.

Statement of Disclosure of Information to Auditors

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Individual Savings Accounts

The Company's shares are qualifying investments for Individual Savings Accounts. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

By order of the Board

For F&C Investment Business Limited

Company Secretary

80 George Street

Edinburgh EH2 3BU

6 May 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Companies Act 1985. An ordinary resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the Independent Auditors' Report.

Directors' Fees and Remuneration Committee

The Board consists solely of independent non-executive Directors and considers at least annually the level of the Board's fees, in accordance with the Combined Code on Corporate Governance. The Company Secretary provides information on comparative levels of Directors' fees to the Board in advance of each review. The Board concluded following the review of the level of Directors' fees for the forthcoming year that the amounts paid to Directors should increase by £2,000 for the Chairman and £1,250 for other Directors. In addition a further amount of £2,000 for the Audit Committee Chairman will be introduced, effective from the appointment of Mr McLaren to such position.

The Remuneration Committee is H Post, J M Haldane, I A McLaren and K D Shand. M L Ingall served as a member of the Remuneration Committee until his death on 28 February 2009. As the Company has no Executive Directors, the Remuneration Committee meets, at least annually, to review the remuneration and terms of appointment of the Manager.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £150,000 per annum in total and the approval of shareholders in a general meeting would be required to change this limit. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' Service Contracts

It is the Board's policy that Directors do not have service contracts, but new Directors are provided with a letter of appointment.

Director	Date of Original Appointment	Due date for Re-election
J M Haldane	17/01/2007	AGM 2009
I A McLaren	19/03/2009	AGM 2009
H Post	17/01/2007	AGM 2009
K D Shand	17/01/2007	AGM 2010

The terms of Directors' appointments provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment and Directors are thereafter obliged to retire by rotation, and to offer themselves for re-election by shareholders at the third annual general meeting after the annual general meeting at which he was last elected. These requirements for retiral of Directors are also contained in the Company's Articles of Association. Directors having served on the Board (including the Board of the predecessor Company) for more than nine years will retire annually. There is no notice period and no provision for compensation upon early termination of appointment.

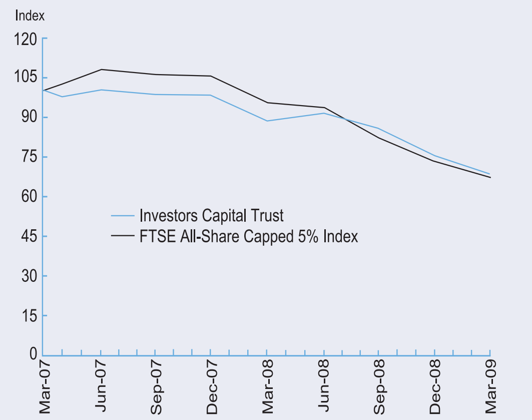
Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the investment

Directors' Remuneration Report (continued)

management agreement, as referred to in the Report of the Directors. The graph below compares for the period from launch until 31 March 2009, the share price total return (assuming all dividends are reinvested) to A and B shareholders compared to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Capped 5% Index is calculated. This index was chosen for comparison purposes, as it represents a comparable broad equity market index; however it should be noted that between 20 to 30 per cent. of the Company's assets are in higher yielding securities. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Review.

Share Price Total Return and the FTSE All-Share Capped 5% Index Performance Graph



Directors' Emoluments for the Year (audited)

The Directors who served in the year to 31 March 2009 received the following emoluments in the form of fees:

	Year to 31 March 2009 £	Period to 31 March 2008 £
J M Haldane (Chairman)	**25,000**	29,000
I A McLaren (appointed 19/03/09)	**662**	–
M L Ingall (deceased 28/02/09)	**15,354**	19,000
H Post	**16,750**	19,000
K D Shand	**16,750**	19,000
Total	**74,516**	86,000

On behalf of the Board

J Martin Haldane

Director

6 May 2009

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review), a Directors' Remuneration Report and a Corporate Governance Statement.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statements under the Disclosure and Transparency Rules

Each of the Directors listed on page 15 confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
J Martin Haldane
Chairman

6 May 2009

Independent Auditors' Report

Independent Auditors' Report to the Members of Investors Capital Trust plc

We have audited the group and parent company financial statements (the 'financial statements') of Investors Capital Trust plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Group and Company Balance Sheets, the Consolidated and Company Cash Flow Statement, the Consolidated and Company Statement of Changes in Equity and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions are not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Company Summary, Financial Highlights for the Year, Performance Summary, Chairman's Statement, Investment Managers and Investment Process, Manager's Review, Classification of Investments, Equities Portfolio, Higher Yield Portfolio, Capital Structure, Board of Directors, Report of the Directors, the unaudited part of the Directors' Remuneration Report, Directors' Responsibility Statement, Shareholder Information, How to Invest, Notice of Annual General Meeting and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
London
6 May 2009

Consolidated Income Statement

for the year to 31 March 2009

	Notes	Revenue Return Year to 31 March 2009 £'000	Capital Return Year to 31 March 2009 £'000	Total Year to 31 March 2009 £'000	Revenue Return Period to 31 March 2008* £'000	Capital Return Period to 31 March 2008* £'000	Total Period to 31 March 2008* £'000
Capital losses on investments							
Losses on investments held at fair value through profit or loss	11	–	(28,951)	(28,951)	–	(8,727)	(8,727)
Exchange differences	21	–	(2,440)	(2,440)	–	(734)	(734)
Revenue							
Investment income	2	6,960	–	6,960	8,314	554	8,868
Total income		6,960	(31,391)	(24,431)	8,314	(8,907)	(593)
Expenditure							
Investment management fee	4	(211)	(491)	(702)	(314)	(734)	(1,048)
Other expenses	5	(383)	–	(383)	(418)	–	(418)
Total expenditure		(594)	(491)	(1,085)	(732)	(734)	(1,466)
Profit/(loss) before finance costs and tax		6,366	(31,882)	(25,516)	7,582	(9,641)	(2,059)
Net finance costs							
Interest on bank loan and interest rate swap	7	(592)	(1,381)	(1,973)	(642)	(1,497)	(2,139)
Total finance costs		(592)	(1,381)	(1,973)	(642)	(1,497)	(2,139)
Profit/(loss) before tax		5,774	(33,263)	(27,489)	6,940	(11,138)	(4,198)
Tax	8	(620)	524	(96)	(685)	670	(15)
Profit/(loss) for the year/period attributable to equity shareholders		5,154	(32,739)	(27,585)	6,255	(10,468)	(4,213)
Earnings per share	10	4.07p	(25.84p)	(21.77p)	4.68p	(7.83p)	(3.15p)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

*The Company was incorporated on 15 January 2007 and commenced business on 1 March 2007.

The accompanying notes are an integral part of these financial statements.

Balance Sheets

as at 31 March 2009

	Notes	2009 Company £'000	2009 Group £'000	2008 Company £'000	2008 Group £'000
Non-current assets					
Investments held at fair value through profit or loss	11	**87,911**	**87,661**	119,618	119,368
Current assets					
Other receivables	13	**1,599**	**1,599**	3,207	3,207
Cash and cash equivalents	14	**24,403**	**24,403**	29,623	29,623
		26,002	**26,002**	32,830	32,830
Total assets		**113,913**	**113,663**	152,448	152,198
Current liabilities					
Other payables	15	**(939)**	**(689)**	(2,980)	(2,730)
Non-current liabilities					
Bank loan	16	**(33,476)**	**(33,476)**	(33,469)	(33,469)
Interest rate swap	16	**(3,412)**	**(3,412)**	(744)	(744)
		(36,888)	**(36,888)**	(34,213)	(34,213)
Total liabilities		**(37,827)**	**(37,577)**	(37,193)	(36,943)
Net assets		**76,086**	**76,086**	115,255	115,255
Share capital	17	**134**	**134**	138	138
Share premium	18	**22**	**22**	22	22
Capital redemption reserve		**5**	**5**	1	1
Buy back reserve		**89,227**	**89,227**	91,306	91,306
Special capital reserve		**31,189**	**31,189**	32,809	32,809
Capital reserves		**(46,725)**	**(46,725)**	(11,284)	(11,284)
Revenue reserve		**2,234**	**2,234**	2,263	2,263
Equity shareholders' funds		**76,086**	**76,086**	115,255	115,255
Net asset value per A share	19	**60.46p**	**60.46p**	89.62p	89.62p
Net asset value per B share	19	**60.46p**	**60.46p**	89.62p	89.62p

Approved by the Board and authorised for issue on 6 May 2009 and signed on its behalf by:

J Martin Haldane, Director

The accompanying notes are an integral part of these financial statements.

Consolidated and Company Cash Flow Statement

for the year to 31 March 2009

	Year to 31 March 2009 £'000	Period to 31 March 2008* £'000
Cash flows from operating activities		
Loss before finance costs and tax	**(25,516)**	(2,059)
Adjustments for:		
Losses on investments held at fair value through profit or loss	**28,951**	8,727
Exchange differences	**2,440**	734
Decrease/(increase) in receivables	**143**	(1,567)
(Decrease)/increase in payables	**(78)**	187
Purchases of investments	**(51,317)**	(208,086)
Sales of investments	**53,262**	80,709
	7,885	(121,355)
Tax paid	**(15)**	–
Net cash inflow/(outflow) from operating activities	**7,870**	(121,355)
Cash flows from financing activities		
Bank loan drawn down	**–**	33,461
Dividends paid on A shares	**(5,183)**	(3,992)
Capital returns paid on B shares	**(1,620)**	(1,304)
Interest on bank loan and interest rate swap	**(1,482)**	(2,131)
Issue of new shares	**–**	135,225
Issue of shares from treasury	**60**	1,372
Shares purchased for cancellation	**(544)**	(738)
Shares purchased for treasury	**(1,629)**	(10,351)
Net cash (outflow)/inflow from financing activities	**(10,398)**	151,542
Net (decrease)/increase in cash and cash equivalents	**(2,528)**	30,187
Currency losses	**(2,692)**	(564)
Opening cash and cash equivalents	**29,623**	–
Closing cash and cash equivalents	**24,403**	29,623

*The Company was incorporated on 15 January 2007 and commenced business on 1 March 2007.

The accompanying notes are an integral part of these financial statements.

Consolidated and Company Statement of Changes in Equity

for the year to 31 March 2009

	Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Buy back Reserve £'000	Special Capital Reserve £'000	Capital Reserve – investments sold £'000	Capital Reserve – investments held £'000	Revenue Reserve £'000	Total £'000
At 1 April 2008		138	22	1	91,306	32,809	220	(11,504)	2,263	115,255
Shares issued from treasury	17	–	–	–	94	–	(34)	–	–	60
Shares bought back for cancellation	17	(1)	–	1	(544)	–	–	–	–	(544)
Shares bought back for treasury	17	–	–	–	(1,629)	–	–	–	–	(1,629)
Shares cancelled from treasury	17	(3)	–	3	–	–	–	–	–	–
Gain/(loss) for the year		–	–	–	–	–	(15,935)	(16,804)	5,154	(27,585)
Dividends paid on A shares	9	–	–	–	–	–	–	–	(5,183)	(5,183)
Capital returns paid on B shares	9	–	–	–	–	(1,620)	–	–	–	(1,620)
Unrealised loss on revaluation of interest rate swap	16	–	–	–	–	–	–	(2,668)	–	(2,668)
At 31 March 2009		**134**	**22**	**5**	**89,227**	**31,189**	**(15,749)**	**(30,976)**	**2,234**	**76,086**

for the period from incorporation on 15 January 2007 to 31 March 2008*

	Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Buy back Reserve £'000	Special Capital Reserve £'000	Capital Reserve – investments sold £'000	Capital Reserve – investments held £'000	Revenue Reserve £'000	Total £'000
Shares issued, net of costs		139	135,086	–	1,444	–	(72)	–	–	136,597
Gain/(loss) for the period		–	–	–	–	–	292	(10,760)	6,255	(4,213)
Dividends paid on A shares	9	–	–	–	–	–	–	–	(3,992)	(3,992)
Capital returns paid on B shares	9	–	–	–	–	(1,304)	–	–	–	(1,304)
Shares bought back		(1)	–	1	(11,089)	–	–	–	–	(11,089)
Court conversion		–	(135,064)	–	100,951	34,113	–	–	–	–
Unrealised loss on revaluation of interest rate swap		–	–	–	–	–	–	(744)	–	(744)
At 31 March 2008		**138**	**22**	**1**	**91,306**	**32,809**	**220**	**(11,504)**	**2,263**	**115,255**

*The Company was incorporated on 15 January 2007 and commenced business on 1 March 2007.

The accompanying notes are an integral part of these financial statements.

Notes to the Accounts

1. Accounting policies

A summary of the principal accounting policies is set out below.

Basis of Accounting

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (''IFRS''), which comprise standards and interpretations approved by the International Accounting Standards Board (''IASB''), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (''IASC'') that remain in effect, and to the extent that they have been adopted by the European Union.

Where presentational guidance set out in the Statement of Recommended Practice (''SORP'') for investment trusts issued by the Association of Investment Companies (''AIC'') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates.

Group accounts

The Group Accounts consolidate the accounts of the Company and its wholly-owned subsidiary, Investors Securities Company Limited. The Company has taken advantage of the exemption permitted by Section 230(4) of the Companies Act 1985 not to present its own income statement.

Subsidiaries are consolidated from the date of acquisition, being the date from which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group.

Presentation of income statement

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, capital profits may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 842 Income and Corporation Taxes Act 1988.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are classified as fair value through profit or loss. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition.

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unlisted investments are valued at fair value by the Directors on the basis of all information available to them at the time of valuation.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item.

1. Accounting policies (continued)

Current assets – investments

Listed investments held by Investors Securities Company Limited, the Company's dealing subsidiary, are valued at fair value through profit or loss. Gains and losses on the disposal of investments realised by the dealing subsidiary together with unrealised losses are applied to the revenue of the Group in the period in which they arise. Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned.

Other receivables

Other receivables do not carry any interest and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash in banks and short term deposits that are held to maturity are carried at cost. Cash and cash equivalents consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. If the Group has issued compound financial instruments that contain both a liability and equity component, the Group separately recognises these components as a financial liability or equity. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. The amount in equity is released to income when the forecast transaction impacts profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. If incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio, the associated change in value is presented as a capital item in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity for cash flow hedges is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the financial instrument is not classified at fair value through profit or loss.

Other payables

Other payables are not interest bearing and are stated at their nominal value.

Notes to the Accounts (continued)

1. Accounting policies (continued)

Reserves

(a) Share premium – the surplus of net proceeds received from the issue of new shares over the par value of such shares is credited to this account. The majority of the balance of this account which arose as a result of the issue of new shares at launch was subsequently cancelled by the Court of Session to create the Buyback reserve and Special capital reserve. Gains arising on the resale of shares from treasury will be credited to this reserve. The reserve is non-distributable.

(b) Capital redemption reserve – the nominal value of any of the shares bought back for cancellation is added to this reserve. This reserve is non-distributable.

(c) Buyback reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid on the A Shares. Available as distributable profits to be used for the buy back of Shares. The cost of any shares bought back is deducted from this reserve. The cost of any Shares resold from treasury is added back to this reserve.

(d) Special capital reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid on the B Shares. Available for paying capital returns on the B Shares.

(e) Capital reserve – investments sold (previously capital reserve realised) – gains and losses on realisation of investments, including losses on transactions in own shares, are dealt with in this reserve together with the proportion of management fees, interest and taxation allocated to capital. This reserve also includes dividends of a capital nature.

(f) Capital reserve – investments held (previously capital reserve unrealised) – increases and decreases in the valuation of investments and interest rate swaps held are accounted for in this reserve, together with unrealised exchange differences on forward foreign currency contracts.

(g) Revenue reserve – the net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve. Available for paying dividends on the A shares.

Income

Dividends are recognised as income on the date that the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.

Interest income from fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Other investment income and deposit interest are included on an accruals basis.

Special dividends of a non-capital nature are recognised through the revenue column of the income statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 842 Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

1. Accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Expenses and interest

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the income statement except where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio taking account of the expected long term returns as follows:

– Interest payable on the bank term loan is allocated 30 per cent to revenue and 70 per cent to capital.

– Management fees have been allocated 30 per cent to revenue and 70 per cent to capital. Performance fees and, where the base management fee is chargeable at a rate higher than 0.75 per cent, that part of the base fee above 0.75 per cent, will be charged wholly to capital.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the income statement depending on whether the gain or loss is of a capital or revenue nature respectively.

Rates of exchange at 31 March	**2009**	2008
Euro	**1.0796**	1.2543
Dollar	**1.4334**	1.9875

2. Income

	2009	2008
	£'000	£'000
Income from investments		
UK dividend income	**3,559**	4,658
UK listed fixed interest	**1,523**	1,724
Overseas listed fixed interest	**929**	539
Special dividends credited to capital	**–**	554
	6,011	7,475
Other income		
Deposit interest	**939**	1,393
Underwriting commission	**10**	–
Total income	**6,960**	8,868
Total income comprises:		
Dividends (excluding those of a capital nature)	**3,559**	4,658
Interest on fixed interest securities	**2,452**	2,263
Deposit income	**939**	1,393
Underwriting commission	**10**	–
Income recognised through revenue	**6,960**	8,314
Dividends of a capital nature	**–**	554
Total income	**6,960**	8,868
Income from investments:		
Listed	**6,011**	7,475

No income in the year arose on securities sold ex-dividend within one month of purchase cum-dividend.

Notes to the Accounts (continued)

3. Business and geographical segments

The Directors are of the opinion that the Group is engaged in a single segment of business of investing in equity and higher yielding securities.

4. Investment management fee

	2009 Revenue Return £'000	**2009 Capital Return £'000**	**2009 Total £'000**	2008 Revenue Return £'000	2008 Capital Return £'000	2008 Total £'000
Investment management fee	**211**	**491**	**702**	314	734	1,048

The Company's investment manager is F&C Investment Business Limited. The contract between the Company and F&C Investment Business Limited may be terminated at any date by either party giving six months' notice of termination. In the event of the Company terminating the contract by giving less than six months' notice, F&C Investment Business Limited is entitled to compensation calculated as a proportion of the fees payable by the Company in respect of the previous financial year.

F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee.

The base fee is a management fee at 0.9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0.75 per cent if the net asset value at the end of the financial year is less than £1 per share.

The performance fee will be payable every five years, and will be 15 per cent. of the amount by which the Company's net assets, adding back the capital returns paid in respect of the B Shares, outperform its benchmark, the FTSE All-Share Capped 5% Index. Payment of the performance fee is conditional on both the net assets at the end of the five year period being not less than £1 per share, and on distributions per share having been paid in each year of the five year period that are no less, unless the Board otherwise agrees, than the distributions per share paid in respect of the first year of that period. The performance fee is capped at a sum equal to the aggregate base fees paid over the relevant five year period.

The performance fee will be accrued over the five year calculation period based on the performance fee which would have been payable had the investment management agreement been terminated at the balance sheet date. Accordingly, as the NAV per share was below £1 at the balance sheet date, no performance fee was accrued at 31 March 2009 (2008: nil). Other things being equal, had the Company's net asset value per share been in excess of £1, a performance fee accrual totalling £456,000, or 0.36p per share, would have been recognised at the balance sheet date (2008: £227,000, or 0.18p per share).

Following a ruling by the European Court of Justice in June 2007 in favour of specific questions referred to it concerning UK investment trusts, a decision subsequently accepted by the UK Tax Authorities, the Company is exempt from paying VAT on its management fees. All VAT incurred by the Company prior to the ruling has been refunded in full.

5. Other expenses (including irrecoverable VAT thereon)

	2009 £'000	2008 £'000
Directors' fees (Note 6)	**75**	86
Auditors' remuneration for:		
– statutory audit	**17**	16
– audit of initial accounts	**–**	24
– interim review	**9**	2
– taxation services (non-audit)	**5**	10
Other	**277**	280
	383	418

6. Directors' fees

The emoluments of the Chairman, the highest paid Director, were at the rate of £25,000 per annum (2008: £24,000). Other Directors' emoluments amounted to £16,750 (2008: £16,000) each per annum. Full details are provided in the Directors' Remuneration Report.

7. Finance costs

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Finance costs attributable to £33.5 million term loan and interest rate swap	**592**	**1,381**	**1,973**	642	1,497	2,139

8a. Tax on ordinary activities

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Corporation tax – current year	**(620)**	**524**	**(96)**	(685)	670	(15)

8b. Factors affecting tax charge for current year

A reconciliation of the current tax charge is set out below:

	2009 £'000	2008 £'000
Loss before tax	**(27,489)**	(4,198)
Taxation on ordinary activities at the UK standard rate of corporation tax of 28% (2008: 30%)	**7,697**	1,259
Effects of:		
– Non taxable dividend income	**997**	1,398
– Capital payments on investments	**–**	166
– Non taxable capital losses	**(8,790)**	(2,838)
Current year tax charge	**(96)**	(15)

9. Dividends and capital distributions

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Amounts recognised as distributions to shareholders in the year:						
Fourth interim dividend for the prior year paid at 1.375p per A share	**1,347**	**–**	**1,347**	–	–	–
Fourth capital distribution for the prior year paid at 1.375p per B share	**–**	**421**	**421**	–	–	–
First interim dividend paid at 1.325p per A share	**1,286**	**–**	**1,286**	1,349	–	1,349
First capital distribution paid at 1.325p per B share	**–**	**402**	**402**	–	450	450
Second interim dividend paid at 1.325p per A share	**1,281**	**–**	**1,281**	1,332	–	1,332
Second capital distribution paid at 1.325p per B share	**–**	**400**	**400**	–	444	444
Third interim dividend paid at 1.325p per A share	**1,269**	**–**	**1,269**	1,311	–	1,311
Third capital distribution paid at 1.325p per B share	**–**	**397**	**397**	–	410	410
	5,183	**1,620**	**6,803**	3,992	1,304	5,296
Amounts relating to the year but not paid at the year end:						
Fourth interim dividend payable at 1.375p per A share	**1,317**	**–**	**1,317**	1,347	–	1,347
Fourth capital distribution payable at 1.375p per B share	**–**	**413**	**413**	–	421	421
	1,317	**413**	**1,730**	1,347	421	1,768

Notes to the Accounts (continued)

10. Earnings per share

The Company's earnings per share are based on the loss for the year of £27,585,000 (period to 31 March 2008: £4,213,000) and on 96,526,391 A shares (2008: 100,626,875) and 30,170,456 (2008: 33,111,660) B shares, being the weighted average number of shares in issue of each share class during the year/period.

The Company's revenue earnings per share are based on the revenue profit for the year of £5,154,000 (period to 31 March 2008: £6,255,000) and on the weighted average number of shares in issue as above.

The Company's capital earnings per share are based on the capital loss for the year of £32,739,000 (period to 31 March 2008: £10,468,000) and on the weighted average number of shares in issue as above.

11. Investments held at fair value through profit or loss

	Company 2009 £'000	**Group 2009 £'000**	Company 2008 £'000	Group 2008 £'000
Listed securities	**87,661**	**87,661**	119,368	119,368
Subsidiary undertaking	**250**	**–**	250	–
	87,911	**87,661**	119,618	119,368

	Company			Group
	Listed/ Quoted £'000	Subsidiary/ Unlisted £'000	Total £'000	Listed/Quoted Total £'000
Opening book cost	129,958	250	130,208	129,958
Opening fair value adjustment	(10,590)	–	(10,590)	(10,590)
Opening valuation	119,368	250	119,618	119,368
Movements in the year:				
Purchases at cost	48,959	–	48,959	48,959
Sales – proceeds	(51,715)	–	(51,715)	(51,715)
– realised gains/(losses) on sales	(11,895)	–	(11,895)	(11,895)
Decrease in fair value adjustment	(17,056)	–	(17,056)	(17,056)
Closing valuation at 31 March 2009	87,661	250	87,911	87,661
Closing book cost at 31 March 2009	115,307	250	115,557	115,307
Closing fair value adjustment	(27,646)	–	(27,646)	(27,646)
Closing valuation at 31 March 2009	**87,661**	**250**	**87,911**	**87,661**

	Company 2009 £'000	**Group 2009 £'000**	Company 2008 £'000	Group 2008 £'000
Equity investments	**56,958**	**56,708**	86,526	86,276
Fixed interest – UK denominated	**17,669**	**17,669**	22,156	22,156
– Overseas denominated	**13,284**	**13,284**	10,936	10,936
	87,911	**87,661**	119,618	119,368
Net (losses)/gains on realisation of investments	**(11,895)**	**(11,895)**	1,863	1,863
Movement in fair value	**(17,056)**	**(17,056)**	(10,590)	(10,590)
Gains/(losses) on investments	**(28,951)**	**(28,951)**	(8,727)	(8,727)

The Group incurred transaction costs of £165,000 (2008: £366,000) on the purchase of assets and £31,000 (2008: £95,000) on the sale of assets in the year.

Net gain on realisation of investments during the year represents the difference between the net proceeds of sale and the book cost of the investments sold.

Movement in fair value represents the decrease in the difference between the book cost of investments held and their market value at 31 March 2009 compared with the difference between the book cost of investments held and their market value at 31 March 2008.

12. Significant interests

As at 31 March 2009, the Company's subsidiary undertaking which deals in investments, is:

Name	Country of Incorporation or Registration	Class of Capital	Share Capital and Reserves £'000	Profit for the year £'000	% of Class held	% of Equity held	Valuation at 31.03.09 £'000
Investors Securities Company Limited	Scotland	Ordinary	250	–	100	100	250

At 31 March 2009, no investments were held by the dealing subsidiary.

13. Other receivables

	Company 2009 £'000	**Group 2009 £'000**	Company 2008 £'000	Group 2008 £'000
Due from brokers	**93**	**93**	1,640	1,640
Income receivable from shares and securities	**1,356**	**1,356**	1,516	1,516
Unrealised gain on foreign exchange currency contracts	**82**	**82**	–	–
Taxation recoverable	**44**	**44**	20	20
Sundry debtors	**24**	**24**	31	31
	1,599	**1,599**	3,207	3,207

14. Cash and cash equivalents

All cash balances were held in cash, current accounts or in banks on short term deposits with an original maturity of three months or less at the year end.

15. Other payables

	Company 2009 £'000	**Group 2009 £'000**	Company 2008 £'000	Group 2008 £'000
Loan interest payable	**484**	**484**	–	–
Loan from subsidiary undertaking	**250**	**–**	250	–
Tax payable	**96**	**96**	15	15
Accrued expenses	**73**	**73**	139	139
Investment management fee	**36**	**36**	48	48
Due to brokers	**–**	**–**	2,358	2,358
Unrealised loss on foreign exchange currency contracts	**–**	**–**	170	170
	939	**689**	2,980	2,730

Notes to the Accounts (continued)

16. Bank loan

	Company and Group 2009 £'000	Company and Group 2008 £'000
£33.5 million term loan maturing 28 September 2012	**33,476**	33,469
Interest rate swap	**3,412**	744
	36,888	34,213

The term loan with Lloyds TSB Scotland plc carries interest at 0.375 per cent over LIBOR; this variable rate has been fixed through an interest rate swap, which matures on 28 September 2012, and results in an effective interest rate of 5.8635 per cent per annum. Interest on both the term loan and interest rate swap is payable quarterly. An administration fee of £39,000 was payable on drawdown and is being amortised over the life of the loan on an effective interest rate basis.

The term loan contains certain financial covenants with which the Company must comply. These include a financial covenant to the effect that the percentage of the total amounts drawn down under the term loan (together with any other borrowings) should not exceed 45 per cent of the Company's qualifying investments (including cash). The Company must also ensure that at all times it holds investments in not less than 30 different companies covering not less than five different industry sectors. The Company complied with the required financial covenants throughout the year.

The fair value of the interest rate swap at 31 March 2009 is estimated at a liability of £3,412,000 (2008: £744,000). The swap is designated and effective as a cash flow hedge and the fair value thereof has been deferred in equity. An amount of £70,000 has been included within hedged interest payments made in the year (2008: £169,000 was offset against hedged interest payments).

17. Share capital

	£'000
Authorised share capital at 31 March 2008 and 31 March 2009	
225,000,000 A Shares of 0.1p each	225
75,000,000 B Shares of 0.1p each	75
	300
Allotted, called up and fully paid	
A Shares	
104,124,440 A Shares of 0.1p each, listed at 31 March 2008	104
6,161,296 A Shares of 0.1p each, held in treasury at 31 March 2008	(6)
97,963,144 A Shares of 0.1p each, in issue at 31 March 2008	98
2,057,296 A Shares of 0.1p each, cancelled from treasury during the year	(2)
2,145,000 A Shares of 0.1p each, repurchased during the year to be held in treasury	(2)
102,067,144 A Shares of 0.1p each, listed at 31 March 2009	102
6,249,000 A Shares of 0.1p each, held in treasury at 31 March 2009	(6)
95,818,144 A Shares of 0.1p each, in issue at 31 March 2009	96
B Shares	
33,880,135 B Shares of 0.1p each, listed at 31 March 2008	34
3,238,432 B Shares of 0.1p each, held in treasury at 31 March 2008	(3)
30,641,703 B Shares of 0.1p each, in issue at 31 March 2008	31
1,088,432 B Shares of 0.1p each, cancelled from treasury during the year	(1)
715,000 B Shares of 0.1p each, repurchased during the year for cancellation	(1)
100,000 B Shares of 0.1p each, resold from treasury during the year	–
32,076,703 B Shares of 0.1p each, listed at 31 March 2009	32
2,050,000 B Shares of 0.1p each, held in treasury at 31 March 2009	(2)
30,026,703 B Shares of 0.1p each, in issue at 31 March 2009	30
Total share capital, listed at 31 March 2009	**134**

17. Share capital (continued)

Treasury shares

The movements in the shares held in treasury during the year were as follows:

	A Shares		B Shares	
	Number of shares	Par value £'000	Number of shares	Par value £'000
Opening balance	6,161,296	6	3,238,432	3
Purchased during the year	2,145,000	2	–	–
Resold during the year	–	–	(100,000)	–
Cancelled during the year	(2,057,296)	(2)	(1,088,432)	(1)
Closing balance	**6,249,000**	**6**	**2,050,000**	**2**

During the year the Company bought back 2,145,000 A Shares to hold in treasury at a cost of £1,629,000 and 715,000 B Shares for cancellation at a cost of £544,000. The Company resold 100,000 B Shares from treasury, receiving net proceeds of £60,000. The Company cancelled 2,057,296 A Shares and 1,088,432 B Shares from treasury, being shares held in treasury for more than 18 months.

At 31 March 2009 the Company held 6,249,000 A Shares and 2,050,000 B Shares in treasury.

Shareholder entitlements

The Company has two classes of shares: A Shares and B Shares. The rights of each class of shares are identical, save in respect of the right to participate in dividends and capital returns. A Shares are entitled to all dividends paid by the Company and no dividends may be paid to B Shareholders. B Shareholders are entitled to capital distributions from the Company at an amount per share equal to, but not exceeding, any dividend paid per share to A Shareholders.

The net asset value attributable to each class of share is the same. Apart from voting rights entitlements at separate class meetings, every A Share and every B Share carries equal voting rights. Upon a winding up or reconstruction of the Company, each A Share and each B Share shall have an equal right to share in the residual assets of the Company.

18. Share premium account and reserves

In 2007, the Court of Session confirmed the cancellation of the entire amount originally standing to the credit of the share premium account and the creation of two distinct reserves, the first reserve relating to that part of the cancelled share premium account arising from premiums paid on the A Shares (the ''buy back reserve'') and the second reserve relating to that part of the cancelled share premium account arising from premiums paid on the B Shares (the ''special capital reserve'').

The Company will apply these two reserves as follows:

- the buy back reserve will be available as distributable profits to be used for the buy back of both A shares and B shares; and
- the special capital reserve will be used for the purpose of paying capital returns on the B Shares.

Capital management

The Company's capital is represented by the issued share capital, share premium account, capital redemption reserve, buy back reserve, special capital reserve, capital reserve – investments sold, capital reserve – investments held and revenue reserve. Details of the movement through each reserve are shown in the Statement of Changes in Equity. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors.

Notes to the Accounts (continued)

19. Net asset value per share

The Company's basic net asset value per share of 60.46p (2008: 89.62p) is based on the equity shareholders' funds of £76,086,000 (2008: £115,255,000) and on 125,844,847 equity shares, consisting of 95,818,144 A Shares and 30,026,703 B Shares (2008: 128,604,847 equity shares, consisting of 97,963,144 A Shares and 30,641,703 B Shares), being the number of shares in issue at the year end.

The Company's shares may also be traded as units, each unit consisting of three A Shares and one B Share. The basic net asset value per unit as at 31 March 2009 was therefore 241.84p (2008: 358.48p).

The Company's treasury net asset value per share, incorporating the 6,249,000 A shares and 2,050,000 B shares held in treasury at the year end, was 60.40p (2008: 89.31p). The Company's treasury net asset value per unit at the end of the year was 241.60p (2008: 357.24p). The Company's policy is to only re-sell shares held in treasury at a price representing a discount of not more than 5 per cent to net asset value at the time of sale, together with other conditions. Accordingly, for the purpose of the calculation, such treasury shares are valued at the higher of net asset value less 5 per cent and the mid market share price at each year end.

20. Analysis of changes in net debt

	At 1 April 2008 £'000	Cash flow £'000	Currency movements £'000	Non-cash movements £'000	**At 31 March 2009 £'000**
Cash and cash equivalents	29,623	(2,528)	(2,692)	–	**24,403**
Bank loan	(33,469)	–	–	(7)	**(33,476)**
Net debt	(3,846)	(2,528)	(2,692)	(7)	**(9,073)**

21. Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances, receivables and payables that arise directly from its operations and borrowings which include an interest rate swap. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings to achieve enhanced returns. The downside risk of borrowings can be reduced by raising the level of cash balances held. At 31 March 2009, borrowings were exceeded in value by cash balances and fixed interest securities resulting in a net ungeared exposure to equities.

The fair value of the financial assets and liabilities of the Company at 31 March 2009 is not materially different from their carrying value in the financial statements.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, market price risk, liquidity risk, interest rate risk and foreign currency risk.

The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below and have remained unchanged for the year under review.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

The Company's principal financial assets are bank balances and cash, other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets. The Company did not have any exposure to any financial assets which were past due or impaired at the year end.

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. A list of pre-approved counterparties used in such transactions is maintained and regularly reviewed by the Manager, and transactions must be settled on a basis of delivery against payment. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the acceptable quality of the brokers used. The rate of default in the past has been insignificant.

21. Financial instruments (continued)

Credit risk (continued)

All of the assets of the Company, other than the dealing subsidiary, are held by JPMorgan Chase Bank, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to the securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports as described in the Report of the Directors.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings, normally rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed or limited. The Company has no significant concentration of credit risk with exposure spread over a number of counterparties.

Market price risk

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Group's strategy for the management of market price risk is driven by the Company's investment policy as outlined within the Report of the Directors. The Board sets policies for managing this risk and meets regularly to review full, timely and relevant information on investment performance and financial results. The management of market price risk is part of the fund management process and is typical of equity and fixed interest investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Investment and portfolio performance are discussed in more detail in the Manager's Review and further information on the investment portfolio is set out in the sections of this report entitled 'Classification of Investments', 'Equities Portfolio' and 'Higher Yield Portfolio'.

Any changes in market conditions will directly affect the profit or loss reported through the Income Statement. A 25 per cent increase in the value of the Equities Portfolio as at 31 March 2009 would have increased net assets and income for the year by £14,177,000 (2008: an increase of 10 per cent would have increased net assets and income by £8,653,000). A decrease of 25 per cent (2008: 10 per cent) would have had an equal but opposite effect.

A 10 per cent increase in the value of the Higher Yield Portfolio as at 31 March 2009 would have increased net assets and income for the year by £3,095,000 (2008: an increase of 5 per cent would have increased net assets and income by £1,655,000). A decrease of 10 per cent (2008: 5 per cent) would have had an equal but opposite effect.

The calculations above are based on investment valuations at the respective balance sheet dates and are not representative of the year as a whole, nor reflective of future market conditions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the liquid nature of the portfolio of investments and the level of cash and cash equivalents ordinarily held. However, given the concern over widespread deterioration in credit quality and increase in defaults in the credit markets, as referred to in the Manager's Review, the liquidity of the Higher Yield Portfolio has been adversely impacted and the Company may not be able to liquidate quickly, at fair value, some of its investments in that portfolio. Cash balances are held with reputable banks with a credit rating of normally AA or higher, usually on overnight deposit. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

In certain circumstances, the terms of the Company's bank loan entitle the lender to demand early repayment and, in such circumstances, the Company's ability to maintain dividend levels and the net asset value attributable to equity shareholders could be adversely affected. Such early repayment may be required in the event of a change of control of the Company or on the occurrence of certain events of default which are customary for facilities of this type. These include events of non payment, breach of other obligations, misrepresentations, insolvency and insolvency proceedings, illegality and a material adverse change in the financial condition of the Company.

Notes to the Accounts (continued)

21. Financial instruments (continued)

Liquidity risk (continued)

The remaining contractual maturities of the financial liabilities at 31 March 2009, based on the earliest date on which payment can be required, were as follows:

	Three months or less £'000	More than three months but less than one year £'000	More than one year but less than two years £'000	More than two years £'000	Total £'000
Current Liabilities:					
Other payables	843	96	–	–	939
Long-term liabilities:					
Bank Loan and interest rate swap	975	1,473	1,964	36,445	40,857

The figures in the above table are on a contractual maturity basis and therefore include interest payments where applicable.

Interest rate risk

Some of the Company's financial instruments are interest bearing. They are a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rate.

Floating rate

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate, which was 0.5 per cent at 31 March 2009 (2008: 5.25 per cent).

Fixed rate

The Company holds fixed interest investments and has fixed interest liabilities.

	2009			2008		
	£'000	**Weighted average interest rate**	**Average duration until maturity**	£'000	Weighted average interest rate	Average duration until maturity
Fixed interest investments:						
Higher Yield Portfolio	**30,953**	**12.0%***	**2.9 years**	33,092	7.9%*	3.2 years
Fixed interest liabilities:						
£33.5 million term loan and interest rate swap	**36,888**	**5.9%**	**3.5 years**	34,213	5.9%	4.5 years

*The weighted average interest rate on the Higher Yield Portfolio assumes that all fixed interest investments are held to redemption and full redemption value is received.

The Company's Equities Portfolio does not contain any fixed interest or floating rate interest assets. Details of the Company's Equities Portfolio are given in Note 11 and in the section of this report entitled 'Equities Portfolio'.

The £33.5 million term loan has been classified as fixed interest as the variable rate loan has been fixed by an interest rate swap, of the same nominal value and duration as the loan.

Considering the effect on the term loan and interest rate swap, it is estimated that an increase of 100 basis points in interest rates as at the balance sheet date would have decreased their fair value liability by approximately £1,127,000 (2008: £1,266,000). A decrease of 100 basis points would have increased their fair value liability by approximately £1,176,000 (2008: £1,331,000). These calculations are based on the balance of the term loan and interest rate swap at the respective balance sheet date and are not representative of the year/period as a whole, nor reflective of future market conditions.

Considering the effect on cash balances, an increase of 100 basis points in interest rates would have increased net assets and income for the year by £244,000 (period to 31 March 2008: £322,000). A decrease of 100 basis points would have had an equal but opposite effect. The calculations are based on the cash balances at the respective balance sheet date and are not representative of the year/period as a whole, nor reflective of future market conditions.

21. Financial instruments (continued)

Foreign currency risk

In order to achieve a diversified portfolio of higher yielding securities the Company invests partly in overseas securities which gives rise to currency risks. In the year to 31 March 2009, the Company entered into US Dollar and Euro foreign exchange currency contracts with a view to hedging these currency risks. Foreign currency exposure at 31 March 2009 was as follows:

	2009				2008			
	Investments £'000	Current Assets £'000	Cash £'000	Total £'000	Investments £'000	Current Assets £'000	Cash £'000	Total £'000
US Dollar	**4,722**	**–**	**–**	**4,722**	2,532	(3)	–	2,529
Euro	**8,562**	**–**	**–**	**8,562**	8,404	(796)	–	7,608
	13,284	**–**	**–**	**13,284**	10,936	(799)	–	10,137

As at 31 March 2009 the foreign exchange currency contracts not yet realised were as follows:

	2009 Hedged amount £'000	2009 Unrealised gain/(loss) £'000	2008 Hedged amount £'000	2008 Unrealised gain/(loss) £'000
US Dollars for Sterling	**4,620**	**(50)**	2,541	(4)
Euro for Sterling	**8,657**	**132**	7,595	(166)
	13,277	**82**	10,136	(170)

Total losses in the year from foreign exchange currency contracts and balances held in cash were £2,440,000 (2008: £734,000). All foreign exchange currency contracts in place at 31 March 2009 are due to expire during the following year.

Given the policy to hedge currency risk by entering into forward foreign exchange currency contracts, the weakening or strengthening of Sterling against either the US Dollar or Euro will have a minimal impact on either income for the year or net asset value as at 31 March 2009.

Shareholder Information

Dividends

Dividends on A shares and capital distributions on B shares are paid quarterly in August, November, February and May each year. Shareholders who wish to have distributions paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited (see Corporate Information page for contact details) on request. The Company operates the BACS system for the payment of distributions. Where distributions are paid directly into shareholders' bank accounts, dividend and capital distribution tax vouchers are sent directly to shareholders' registered addresses.

Reinvestment of Returns

The Company has established a distribution reinvestment scheme to enable B shareholders to reinvest their capital distributions in further B shares. B shares acquired through the distribution reinvestment scheme will be acquired through the secondary market and will be subject to stamp duty at 0.5 per cent of the acquisition price.

The B Shares Capital Return Reinvestment Plan scheme document and an application form can be obtained from Equiniti Limited (see Corporate Information page for contact details).

If you hold B shares through one of the F&C savings plans, you can elect to have the quarterly distributions automatically reinvested to buy further shares; contact F&C for further information.

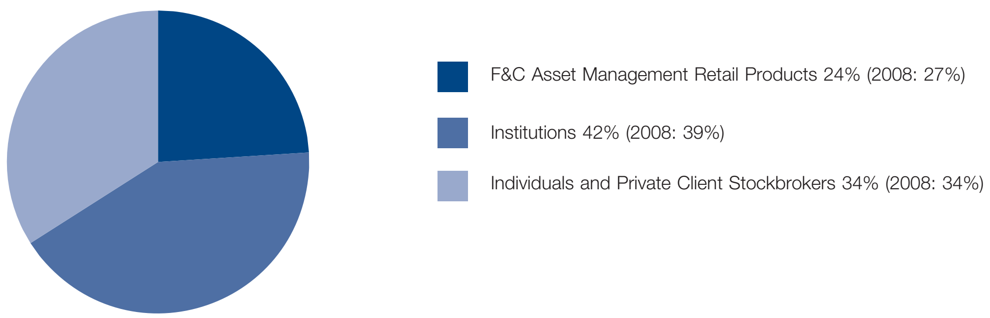
Share Prices and Daily Net Asset Value

The Company's securities are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in the *Financial Times* and other newspapers. The net asset value of the Company's shares can be obtained by contacting F&C Asset Management Investment Services on 0845 600 3030.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited, under the signature of the registered holder

Profile of the Company's Ownership
% of Shares held at 31 March 2009



Financial Calendar 2009/10

24 June 2009	Annual General Meeting
August 2009	Interim Management Statement for quarter to 30 June 2009
7 August 2009	First quarter's distribution paid (XD Date 8 July 2009)
6 November 2009	Second quarter's distribution paid (XD Date 7 October 2009)
November 2009	Announcement of Interim Results
5 February 2010	Third quarter's distribution paid (XD Date 6 January 2010)
February 2010	Interim Management Statement for quarter to 31 December 2009
May 2010	Fourth quarter's distribution paid (XD Date April 2010)
May 2010	Announcement of Annual Results
May 2010	Posting of Annual Report
June 2010	Annual General Meeting

Capital Gains Tax

The information below is to assist shareholders of the Company and the predecessor Company with capital gains tax.

The undernoted values as at 31 March 1982 are to assist shareholders and debenture stockholders, with regard to capital gains tax.

Ordinary Shares	25⅞p
4% Debenture Stock	23¼p
3.675% Preference Stock	34½p
7¼% Debenture Stock	55¼p

The undernoted amounts are to assist shareholders and warrantholders with regard to capital gains tax, following the capital reorganisation in December 1994:

	First day of dealing value	Apportion-ment factor
Growth Shares	84¼p	0.6844
Income Annuity Shares	36¼p	0.2912
Warrants	15p	0.0244

The income annuity shares are not considered to be wasting assets for capital gains tax purposes. The undernoted amounts are to assist shareholders and warrantholders with regard to capital gains tax, following the capital reorganisation in June 2001:

	First day of dealing value	Apportion-ment factor
Zero Dividend Preference Shares	35¾p	0.3488
Income Shares	53¾p	0.5244
Capital Shares	13p	0.1268

In respect of **reo**® UK Tracker Fund shares received, their base cost will represent the remaining base cost after the apportionment, if any, of the base cost to the other share classes.

The undernoted amounts are to assist shareholders with regard to capital gains tax, following the capital reorganisation in February 2007:

	First day of dealing value
A Shares	95.875p
B Shares	95.875p

A Unit comprises of three A shares and one B share and capital gains tax calculations should be based on the separate A and B shareholdings. For a Unit holding, the base costs should be apportioned between the A shares and the B shares in the factors 0.75 and 0.25 respectively.

How to Invest

As well as investing in Investors Capital Trust plc directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited.

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrappers, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **F&C Investment Trust ISA**
  Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. It has recently been announced that ISA contribution limits are to be increased to £10,200 with effect from 6 April 2010 (or 6 October 2009 for individuals aged over 50). You can also transfer any existing ISAs.

- **F&C Child Trust Fund ('CTF')**
  F&C is a leading provider of children's investment plans and is one of the few providers to offer an investment trust based CTF. Suitable for children born after 1 September 2002.

- **F&C Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the original investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2%. Government stamp duty of 0.5% also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

For more information on any of these products, please contact F&C's Investor Services Team:

Call us on **0800 136 420**

email at **info@fandc.com**

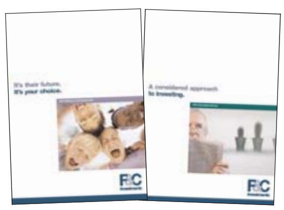
invest online at **www.fandc.co.uk**

Existing plan holders' enquiry line
0845 600 3030

Or write to:

F&C
Freepost RLRY-LYSR-KYBU
Clandeboye Business Park
West Circular Road
Bangor BT19 1AR

Calls may be recorded.



The information on this page has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA'). Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount originally invested.

Notice of Annual General Meeting

Notice is hereby given that the Second Annual General Meeting of Investors Capital Trust Public Limited Company will be held at 80 George Street, Edinburgh, on 24 June 2009 at 12.30 pm for the following purposes. To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 7 and 10 will be proposed as Ordinary Resolutions and Resolutions 8, 9 and 11 as Special Resolutions:

Ordinary Resolutions

1. That the Report and Accounts for the year to 31 March 2009 be received.
2. To approve the Directors' Remuneration Report for the year to 31 March 2009.
3. That Mr J M Haldane be re-elected as a Director.
4. That Mr I A McLaren, who was appointed as a Director during the year, be elected.
5. That Mr H Post be re-elected as a Director.
6. That Ernst & Young LLP be re-appointed as Auditors and the Directors be authorised to determine their remuneration.
7. That the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (as amended) (the ''Act'') to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £4,779 in respect of A shares and £1,497 in respect of B shares in substitution for any existing authority under section 80 of the Act but without prejudice to any exercise of any such authority prior to the date of the passing of this resolution, such authority to expire on the earlier of 24 September 2010 or the date of the next Annual General Meeting of the Company after the passing of this resolution but so that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Special Resolutions

8. That, subject to the passing of Resolution 7 to be proposed at the Annual General Meeting of the Company convened for 24 June 2009 (''Resolution 7'') and in substitution for any existing power under section 95 of the Companies Act 1985 (as amended) (the ''Act'') (but without prejudice to the exercise of any such power prior to the passing of this resolution), the Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) (which shall not include shares held in treasury) wholly for cash pursuant to the authority under section 80 of the Act conferred on the Directors by Resolution 7 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £4,779 in respect of A shares and £1,497 in respect of B shares at a price of not less than the net asset value per share of the existing A shares (in the case of an allotment of A shares) or B shares (in the case of an allotment of B shares), and shall expire at the earlier of 24 September 2010 or the conclusion of the Annual General Meeting of the Company to be held in 2010 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.
9. That, in substitution for any existing authority under section 166 of the Companies Act 1985 (as amended) (the ''Act'') (but without prejudice to the exercise of any such authority prior to the passing of this resolution), the Company be and is hereby generally and unconditionally authorised pursuant to and for the purposes of section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of fully paid A shares of 0.1p each in the share capital of the Company and B shares of 0.1p each in the share capital of the Company (''A and/or B Shares''), provided that:

Notice of Annual General Meeting (continued)

(a) the maximum aggregate number of A and B Shares hereby authorised to be purchased shall be 14.99 per cent of the issued A Shares and 14.99 per cent of the issued B Shares (excluding A and B Shares held in treasury) immediately prior to the passing of this resolution;

(b) the minimum price which may be paid for an A or B Shares shall be 0.1p (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for an A or B Share shall be the higher of (i) an amount equal to 105 per cent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for an A or B Share for the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire on the earlier of (i) the conclusion of the next Annual General Meeting of the Company to be held in 2010 or (ii) 24 September 2010, save that the Company may, prior to such expiry, enter into contracts or arrangements to purchase A and/or B Shares under such authority which will or may be completed or executed wholly or partly after the expiration of such authority and may make purchases of A and/or B Shares pursuant to any such contracts or arrangements as if the authority conferred hereby had not expired.

Ordinary Resolution

10. That, subject to the passing of Resolution 11 to be proposed at the Annual General Meeting of the Company convened for 24 June 2009 (''Resolution 11''), the Directors of the Company be authorised, for the purposes of paragraph 15.4.11 of the Listing Rules of the United Kingdom Listing Authority, to sell A Shares and/or B Shares in the capital of the Company held in treasury for cash at a price below the net asset value per share of the existing A Shares and/or B Shares in issue pursuant to the authority conferred by Resolution 11, provided always that Shares will only be resold from treasury at a price representing a discount of not more than 5 per cent to net asset value at the time of resale, subject to the conditions that, first, the discount at which such Shares are to be resold must be less than the average discount at which Shares held in treasury have been repurchased and, second, the net asset value dilution associated with the sale of treasury shares in any one financial year must not exceed 0.5 per cent of net assets.

Special Resolution

11. That, the Directors of the Company be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (as amended) (the ''Act'') to allot (within the meaning of section 94(3A) of the Act) equity securities (within the meaning of section 94(2) of the Act) wholly for cash as if section 89(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment (within the meaning of section 94(3A) of the Act) of equity securities for cash out of treasury up to an aggregate nominal amount of £9,558 in respect of A Shares and £2,995 in respect of B Shares, representing approximately 10 per cent of the Company's A share capital in issue as at the date of the passing of this resolution and approximately 10 per cent of the Company's B share capital in issue as at the date of the passing of this resolution and shall expire on the earlier of 24 September 2010 and the conclusion of the Annual General Meeting of the Company to be held in 2010, unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By order of the Board
For F&C Investment Business Limited
Company Secretary
80 George Street
Edinburgh EH2 3BU

6 May 2009

Notes

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the duly executed enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the address shown on the proxy form not later than 48 hours before the time of the meeting or, in the case of an adjourned meeting, no later than 48 hours before the holding of that adjourned meeting (or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, no later than 24 hours before the time appointed for the taking of the poll). In the calculation of these time periods, no account is taken of any part of a day that is not a working day. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. Any power of attorney or any other authority under which this proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. On a poll each A shareholder is entitled to one vote per A share held and each B shareholder is entitled to one vote per B share held.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

3. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a ''CREST Proxy Instruction'') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (''Euroclear'') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID RA19) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

4. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a ''Nominated Person'') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

6. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – *www.icsa.org.uk* – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in sub-paragraph (i) of this Note.

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those holders of shares entered on the Register of Members of the Company as at 6.00 p.m. on 22 June 2009 or, in the event that the meeting is adjourned, on the Register of Members as at 6.00 pm on the day two days prior to any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of Shares registered in their names at that time. Changes to the entries on the Register of Members after 6.00 p.m. on 22 June 2009 or, in the event that the meeting is adjourned, in the Register of Members as at 6.00 pm on the day two days prior to any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.

8. As at 6 May 2009 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 102,067,144 A shares carrying one vote each and 32,076,703 B shares carrying one vote each. The Company holds 6,489,000 A shares and 2,130,000 B shares in treasury which do not carry voting rights. Therefore the total voting rights in the Company as at 6 May 2009 were 125,524,847 votes. Any person holding 3 per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

9. The existing Articles of Association will be available for inspection at the Annual General Meeting.

10. No Director has a contract of service with the Company. The Directors' letters of appointment will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and for 15 minutes prior to, and during the Annual General Meeting.

Corporate Information

Directors
J M Haldane (Chairman)
I A McLaren
H Post
K D Shand

Registered Office
80 George Street
Edinburgh EH2 3BU
Tel No. 0131 718 1000
Facsimile No. 0131 225 2375

Investment Managers and Company Secretary
F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU

Registrars and Transfer Office
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Lancing
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Registrars' Shareholder Helpline
Tel No. 0871 384 2470*

Registrars' Broker Helpline
Tel No. 0871 384 2779†

Brokers
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London EC2R 7AS

Auditors
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1 More London Place
London SE1 2AF

Principal Bankers
JPMorgan Chase Bank
125 London Wall
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Solicitors
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*Calls to this number are charged at 8p per minute from a BT Landline. Other telephony providers costs may vary.

†Calls to this number are charged at £1 per minute from a BT Landline. Other telephony providers costs may vary.

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