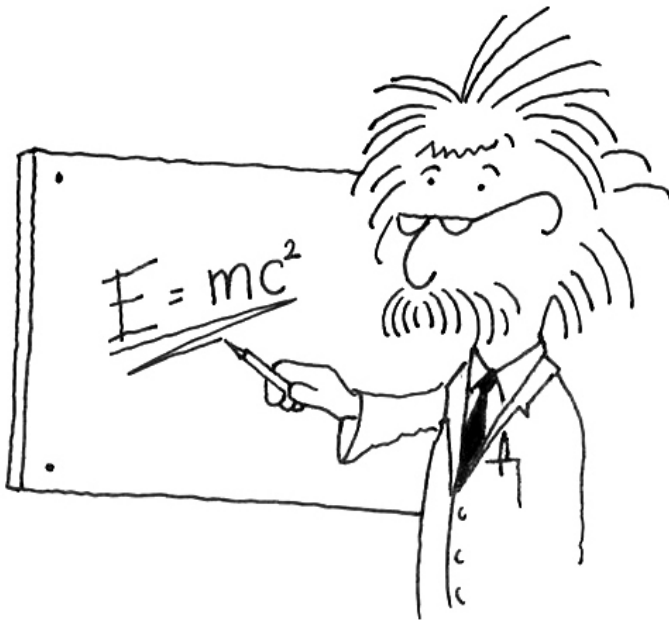


Witan *wisdom*[™] for the Private Investor



Witan investment services

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Risk vs Return

Investing can be defined as the use of money to create more money through risk orientated ventures that aim to fund a future need by delivering income or capital growth (or a combination of both). Generally speaking the higher the level of risk taken, the higher the potential for greater returns, but at the cost of greater risk to your investment – this is known as the risk-return trade off.

Before you make any investment, you need to understand your own personal tolerance to risk as well as the level of risk of the investments you are considering. Taking on some risk is the price of achieving returns; therefore, if you want to make money, you can't eliminate risk.

“Make everything as simple as possible, but not simpler.”

Albert Einstein



At the bottom of the risk spectrum is cash, as there is little risk to your capital (however inflation may erode its purchasing power), and top of the risk range are derivatives and other highly geared investments, where risk is high but so are the potential gains.

History tells us that the middle ground, offered by investment in equities has tended to deliver higher rates of returns than other asset types such as cash or bonds. However in the shorter-term fluctuations in the value of equities can be significant, producing periods when performance is either better or worse than the long-term average.

However please remember that past performance is not a guide to future performance, and with equity investments the value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested.

1.

The first rule of wise investing is choosing an investment that matches your risk profile.

Diversification: A vital pre-requisite for sound investment

Of course 'equities' is just another word for shares, and a share is a slice of a company that entitles you to a share of that company's profit and growth. Investing in the share of a company means that your interests are dependent upon that one company – clearly a risk. The sensible and clear-sighted investor appreciates the importance of spreading exposure and risk by investing in a number of different companies' shares – this is known as diversification.

The more variety that is contained in a portfolio, the more secure your investment is against a specific shock in any one area – be it a region or country, a market sector, an investment style, or even an individual investment manager. Quite simply, the larger the spread the less it will be buffeted by specific or man-made hazards.

For private investors, constructing a diversified portfolio is often unrealistic from both a financial and practical point of view. Instead, most private investors looking to invest in equities tend to do so through a pooled fund such as an investment trust or unit trust.

A pooled fund is essentially a ready-made portfolio, made up of a number of equity holdings. Funds such as these vary enormously and could invest in a very wide range of companies, in the case of a global equities fund like Witan or have a much narrower specialisation, such as Japanese smaller companies.

*“A man should look for what is,
and not for what he thinks
should be.”*

Albert Einstein



Pooled funds are very popular for three reasons:

They are cost effective – Constructing a diversified portfolio can be expensive. Pooling investment means spreading the costs. Transactions within the fund are not assessable for Capital Gains Tax, unlike changes in directly held portfolios.

They are practical – Managing a large portfolio of individual companies can be very time consuming and produce a mountain of paperwork.

They seek to employ expert managers – Selecting which companies are likely to succeed is no mean feat – for this reason most pooled funds employ an expert manager to select stocks.

2.

The second rule of wisdom is diversification: spreading risk across a wide range of equities to minimise potential risks.

Investment trusts vs Unit trusts

As we have seen in the previous chapter, the most efficient way for private investors to access equities is through a pooled investment vehicle such as an investment trust or unit trust. This section of the brochure outlines the key differences between unit trusts and investment trusts.

Investment trusts have been part of the investment landscape for over 140 years. Most investment trusts are individually listed on the London Stock Exchange and because they are traded on the stock exchange they are subject to the same level of scrutiny and corporate governance that govern all UK Public Limited Companies.

Investment trusts' running costs are generally lower than unit trusts. They also have a set number of shares, as a result of this they are sometimes referred to as closed-ended funds. The price at which they trade is dependent upon the demand within the market at any given point in time. As a consequence of their pricing being determined by the market, investment trusts may trade at a discount or premium to their Net Asset Value. This discount/premium is the difference between the share price (the market price at which you can trade) and the underlying Net Asset Value. One further trait unique to investment trusts is the ability to gear, i.e. they are able to use borrowings in order to increase the asset exposure.

Gearing is a double-edged sword – when markets go up it can magnify returns but when markets go down it can increase the downside.

Unit trusts or OEICs have been around for 40 years. During the past two decades investment managers have marketed unit trusts very aggressively, and as a result they have been more popular than investment trusts particularly with investment advisers recommending them to their clients.

Unit trusts tend to be more expensive than investment trusts. Unit trusts have a simple pricing structure – they are traded through the underlying investment manager, and unlike investment trusts they are priced at their Net Asset Value which is determined by the value of the underlying assets.

Unit trusts cannot gear (borrow). Unlike investment trusts, unit trusts are open ended thereby allowing the investment manager to issue new units when there is demand. As a result of this, unit trusts are often referred to as open-ended funds.

“I think and think for months and years. Ninety-nine times, the conclusion is false. The hundredth time I am right.”

Albert Einstein



	Investment Trusts	Unit Trusts/OEICs
Price can trade at premium/discount to the NAV	Yes	No
Funds can borrow (gear)	Yes	No
Funds are listed on the Stock Exchange	Yes	No
Global growth sector average TER [†]	1.05%*	1.66%*
Alternatively known as...	closed-end funds	open-ended funds

*Analytics as at 31.03.2011

[†]TER – Total Expense Ratio

A close first cousin of the unit trust is the OEIC (open ended investment company) which is almost identical.

Because of their pricing nuances and their ability to gear there is definitely more to understand about investment trusts. However investing more time up front in order to understand the differences could save you money in the longer-term – investment trusts are typically significantly less expensive in terms of fees than unit trusts. This cost differential can make a considerable difference to the performance of your investment over the longer-term.

3.

The third rule of wisdom is prudence: take care in the management of your resources.

When to invest: Timing is everything and/or nothing

One of the biggest dilemmas investors face is when to invest. Get it right and you are laughing, get it wrong, invest at the top of the market and you could see the value of your investment topple. You only have to look at what happened during the tech boom in the early noughties and the credit crunch in 2008/9.

The message here is that it is very hard to time markets correctly but that leaves us with a quandary: we want to invest and achieve the best returns for our future but we don't want to put our hard earned capital at undue risk because we were unlucky enough to have invested at the wrong time. What we want to do is improve our chances of entering the market at the right time.

One way to achieve this is to drip-feed an investment into the market, as opposed to investing a lump sum all in one go. In fact during volatile times this strategy could allow you to benefit from what is known as 'pound cost averaging'. So how does it work?

4.

The fourth rule of wisdom is: "slow and steady wins the race." Aesop

Monthly Savings

The concept involves investing on a regular basis and most funds, whether they are unit trusts or investment trusts, are available through regular savings plans (such as Share Plans and ISA schemes) allowing an individual to invest monthly or quarterly. The beauty of this arrangement is that not only does it instil a sense of discipline in one's investment habits, but also avoids trying to second-guess market movements, and averages the cost of buying an investment over time. A regular investment of a fixed amount buys fewer shares when markets rise but more will be purchased when prices fall.

The strategy of drip-feeding makes market volatility work for the investor during falling markets, which will ultimately boost performance when markets recover.

Given recent years' market conditions – including a recession, currency volatility, the credit crunch, sovereign debt default and rising inflation – investors can be forgiven for feeling a little uncertain about markets. Pound cost averaging would seem to be a logical strategy for many investors at this juncture.

“The distinction between the past, present and future is only a stubbornly persistent illusion.”

Albert Einstein



Summary

- Pound cost averaging through regular investment is a technique that reduces the timing risk versus investing the same overall sum in a single transaction. By investing at regular intervals more shares are purchased when share prices are low and fewer shares are purchased when prices are high.
- The investor may benefit from market volatility over time.
- Instils a sense of investment discipline which avoids second-guessing markets.
- Most investment trusts/unit trusts offer regular low cost savings plans.

We can't suggest how to beat death but we can help with tax...

Imagine a situation where you have wisely chosen to invest your nest-egg in a well managed, diversified equity portfolio and over time you see that investment grow in value. Happy days! Imagine, when you come to sell, that you then discover that you will be taxed on the gains you have made. Gut wrenching is probably the best (and only printable) description. Imagine further how you'd feel if you then discovered that if you had made this investment within an ISA your capital gains tax bill would be £0.

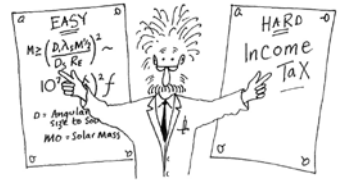
This in a nutshell is the importance of the ISA.

An ISA, or Individual Savings Account, is a tax efficient savings plan. You can wrap it around an investment and any capital gains that the investment realises become protected from the taxman. For higher rate tax payers there is also an income tax benefit because whilst dividend income within an ISA is paid net of basic tax, higher rate tax payers do not have to pay additional tax because income and gains from ISAs do not have to be declared to the Inland Revenue.

There are two types of ISA; the stocks and shares ISA and the cash ISA. The amount that you can invest in an ISA in the 2011/12 tax year is £10,680. You can invest the full amount in a stocks and shares ISA or you can invest half of your allowance in a cash ISA and then the balance can be invested in a stocks and shares ISA.

“The hardest thing to understand in the world is the Income Tax.”

Albert Einstein



	ISA	Un-wrapped
Liable to Capital Gains Tax	No	Yes
Liable to further Income Tax	No	Yes
Liable to inheritance tax	Yes	Yes
Annual allowance	£10,680	N/A
WIS management charges per annum	£30 + VAT	Nil

Source: WIS as at 06.04.2011

The above section is based on Witan Investment Services Limited's understanding of Revenue law and practice as at April 2011. Please note that tax assumptions may change if the law changes, and the value of tax relief (if any) will depend upon your individual circumstances. Investors should consult their own tax advisers in order to understand any applicable tax consequences. Witan does not provide tax advice.

Witan Wisdom

Now that you have navigated through the first sections of this brochure hopefully you have benefited from our pearls of wisdom and have a clear idea of the ways in which you could invest wisely. This next section of the brochure contains information about the two investment trusts that we offer, the products within which you can buy these trusts, and the additional services that we provide to investors.

The Trusts

Witan Wisdom offers two investment trusts and both of these trusts are managed on a multi-manager basis. What this means is that we have selected a number of specialist fund managers running different portions of the two trusts – managers who we believe are among the best in that individual area and are therefore more likely to generate decent returns for investors. This is why multi-manager is often referred to as ‘best of breed’.

Multi-manager offers investors two distinct advantages over traditional funds:

An added layer of diversification

If you have all of your money invested with one manager who has a particular style or bias you are exposed to that trait. A blend of different manager approaches and styles is designed to deliver added value for shareholders while smoothing out the volatility associated with a single manager.

Flexibility

A multi-manager trust can make changes to a mandate or manager more easily if it finds one particular area is not working, rather than a single manager trust where it is difficult to make changes and deficiencies in one area are often masked by strengths in another area.

If you would like to find out more about the benefits of multi-manager and our two trusts you can find more information on our website at: **www.witanwisdom.com**



“You have to learn the rules of the game. And then you have to play better than anyone else.”

Albert Einstein

Witan Investment Trust plc

Where does it invest?

Witan Investment Trust plc (Witan) offers diversified exposure to global markets (principally equities) using a multi-manager approach. Our global portfolio offers exposure to the world's major equity markets thereby offering diversification by geographical region, industrial sector and individual stock. The recent geographical and sector breakdowns can be found on the factsheet enclosed. When appropriate Witan also utilises alternative asset classes and investment techniques in a measured and controlled way to improve performance.

What does it aim to deliver?

Witan aims to generate both capital growth and a progressive income stream.

The multi-manager blend

At any one time Witan typically uses between 10 and 15 investment managers. We feel this number of managers and the diversity of style they bring not only mitigates manager related risk, but enables us to choose managers who individually pursue distinctive strategies, rather than mimicking a stock market index. The blend of different active approaches and styles is designed to deliver added value for shareholders while smoothing out the volatility normally associated with a single manager. Many of the managers are inaccessible to UK investors because they are based overseas or only usually manage institutional money. As a result of this you might recognise some of their names but not others. A full breakdown of our managers

including their corporate biographies can be found on our website www.witan.com

Who should invest?

Witan is a widely spread investment for those who want an immediately diversified investment portfolio. Witan is also used by more seasoned investors as a core holding within a more established portfolio.

Does it pay a dividend?

Yes, twice yearly. The current yield is around 2.1% (31.03.2011) and the trust aims to increase its dividend at least in line with inflation.

What are its costs?

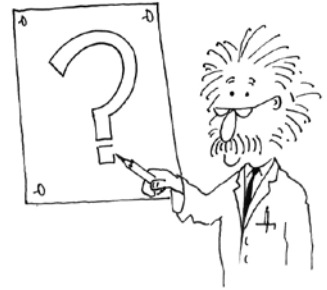
Witan aims to keep costs low. Although we have corporate costs **we do not charge an additional management fee on top of the underlying managers' fees**. The running cost of the Trust in 2010 was 1.07% (or 0.81% if you exclude performance fees).

How has it performed?

A factsheet is contained with this brochure showing recent performance. Live performance figures can also be found on our website **however please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested.**

“The most important thing is not to stop questioning. Curiosity has its own reason for existing.”

Albert Einstein



Launched	1909
Size	£1.28bn*
AIC Sector	Global Growth
Chief Executive	Andrew Bell

*As at 31.03.2011.

Four reasons why we believe you should consider Witan

- The only global multi-managed investment trust.
- Diversified by manager, geography and sector.
- Progressive dividend policy*.
- Carefully selected portfolio of active equity managers.

*** Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested.**



Witan Pacific Investment Trust plc

What does it aim to deliver?

Witan Pacific Investment Trust plc (Witan Pacific) aims to generate capital growth through investment in Asian equities.

Where does it invest?

It invests in Asia including Japan and Australia.

Who should invest?

Witan Pacific should particularly appeal to those who are seeking to have representation in Asia and Japan within a diversified portfolio but who do not wish to make their own asset allocation decision between these markets.

The multi-manager blend

The Witan Pacific multi-manager portfolio currently contains two managers – Aberdeen Asset Managers and Nomura Asset Management. These two managers have very different styles, which when combined should reduce volatility in the Trust's performance. For example, Aberdeen is well known for its stock-picking ability and is generally underweight in Japan as compared with the index. By contrast, Nomura is more conservative in its approach. It pays more attention to regional weightings and overlays them with a stock selection bias and is more aligned to the benchmark index. It has maintained a higher exposure to Japan than Aberdeen.

Does it pay a dividend?

Although its main objective is capital growth it aims to grow the dividend in real terms, reflecting the expected growth prospects for payouts in the region. Over the past five years to 30.04.2011 the dividend has more than doubled*.

What are its costs?

Witan Pacific aims to keep its costs under 1% per annum (excluding performance fees).

How has it performed?

A factsheet is contained with this brochure showing recent performance*. Live performance figures can also be found on our website.

***However please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested.**

“Anyone who has never made a mistake, has never tried anything new.”

Albert Einstein



Launched	1907
Size	£172m*
Sector	Asia Pacific including Japan
Executive Manager	Witan Investment Services Ltd

*As at 31.03.2011.

Four reasons why we believe you should consider Witan Pacific

- One stop access to the whole of the Far East.
- Multi-manager approach offers added diversification.
- Low total expense ratio relative to other Asian funds.
- Progressive dividend policy.*

* Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested.

Witan Pacific investment trust

The Products (Non advised sales)

We offer two products within which you can invest, the Witan Wisdom ISA and the Witan Wisdom Share Plan.

ISA

As we have already seen, the most tax-efficient way of investing in the two investment trusts that we offer is through an ISA. You can invest lump sums, or regular monthly amounts, or both. And you can choose whether you would like your dividend income paid out to you, or reinvested in more shares. The ISA wrapper allows you to protect any capital growth that you make from Capital Gains Tax.

For higher rate tax payers there is also an Income Tax benefit in that dividend income within an ISA is paid net of basic tax. Higher rate tax payers do not have to pay additional tax because ISAs do not have to be declared to the Inland Revenue. The obvious advantage is tax efficiency.

There are two points to note: **ISAs are limited to £10,680 for the 2011/12 tax year** – The amount that you can invest in an ISA in this tax year is £10,680. You can invest the full amount in a stocks and shares ISA or you can invest half of your allowance in a cash ISA and then the balance can then be invested in a stocks and shares ISA.

An annual management charge of £30 per annum (+VAT) – This is charged to reflect the extra work the ISA provider has to undertake in managing and reporting your ISA to HMRC. This charge is a flat fee and is based per client rather than per ISA, therefore no matter how many years' worth of ISA allowances you invest, the most you will pay is £30 (+VAT).

Junior ISA

On 31st March 2011 the Government published draft proposals for the Junior ISA. It is expected that the Junior ISA will be launched in November 2011, will have a limit of £3,000 per year, and will only be available to those children who were **not** eligible for a Child Trust Fund. We will unveil its own plans for the Junior ISA on the Witan Wisdom website over the next few months.

Share Plan

The Witan Wisdom Share Plan is our straightforward, plain vanilla low-cost savings scheme. Like the ISA you can invest lump sums, or regular monthly amounts, and choose whether you would like your dividend income paid out to you, or reinvested to buy more shares. The minimum lump sum investment is £500, and the minimum regular contribution is £50 per month or quarter. There is no maximum. Furthermore, accounts can also be held jointly, or designated to a child.

If you do wish to **invest on behalf of a child**, you can invest in either one or a combination of both of our investment trusts. If you would like to invest on behalf of a child, please complete the designation section on the Share Plan application form. We also have a specific scheme for investing

in the Witan Investment Trust for children. Simply visit www.jumpsavings.com for more information. You can invest from as little as £25 per month or quarter or a £100 lump sum.

Product Summary

	Min Lump Sum Subscription	Max Lump Sum Subscription	Min Lump Sum Top Up	Min Regular Sum	Max Monthly Sum	Annual Mgmt Fee	Can be held as a joint account	Can be designated to a child	Tax Status
Share Plan	£500	No limit	£500	£50 per month or quarter	No limit	No charge	Yes	Yes	Standard tax rules apply
ISA	£2,000	£10,680 for 2011/12 tax year	£500	£100 per month or quarter	£890 for 2011/12 tax year	£30 (+VAT)	No	No	Free of Capital Gains Tax, Income Tax efficient for higher rate taxpayers
Transfer ISA	£2,000 min transfer value	No limit to the size of transfer	£500	£100 per month or quarter	£890 for 2011/12 tax year	£30 (+VAT)	No	No	Free of Capital Gains Tax, Income Tax efficient for higher rate taxpayers

The tax information included on pages 18 and 19 is based on Witan Investment Services Limited's understanding of Revenue law and practice as at April 2011. Please note that tax assumptions may change if the law changes, and the

value of tax relief (if any) will depend upon your individual circumstances.

Investors should consult their own tax advisers in order to understand any applicable tax consequences.

The Service

Charges

Witan Wisdom offers a multi-tier service that allows you to deal with us by phone, (by) post or online. We offer a number of charging structures that reflect the route you choose; a 1% dealing charge (minimum of £1.25) for investors who prefer to deal by phone or post or, you have the option of

dealing online where you are given the choice of entering your own trade at a cost of £15 flat fee or transacting through an aggregated deal at a cost of 1% (minimum of £1.25).

The table below outlines the dealing charge based on various lump sum investment sizes and channel:

Lump Sum	Online (Online bulk)	Telephone	Postal
£500	£15 (£5)	£5	£5
£1,000	£15 (£10)	£10	£10
£1,500	£15 (£15)	£15	£15
£2,000	£15 (£20)	£20	£20
£5,000	£15 (£50)	£50	£50
£10,000	£15 (£100)	£100	£100
Regular Savings	1% or minimum of £1.25	1% or minimum of £1.25	

- Telephone and postal dealing is charged at 1% (minimum of £1.25).
- All regular savings are charged at 1% (minimum of £1.25).
- Dividend reinvestment is charged at 1% (minimum of £1.25).
- Online straight through lump sum dealing is charged at £15 flat fee irrespective of the size of the investment. Aggregated online dealing is charged at 1% (minimum of £1.25).

In addition to the dealing charge, there are also fees/charges payable on the following:

- ISA investors are charged an additional annual management fee of £30 (+VAT). This is a flat total fee irrespective of how

many ISAs are held or which investment trusts are held.

- ISA transfers out are charged at £20 (+VAT).
- Main Register Certification is charged at £20 (+VAT).
- Please note that Government Stamp Duty of 0.5% is payable on all equity purchases.
- You may also be liable to pay PTM levy if you are investing more than £10,000. PTM levy is currently £1 flat fee, and is a charge levied to pay for the Panel of Takeovers and Mergers. The panel writes and enforces the rules by which takeovers of companies listed on the London Stock Exchange are conducted.

Please refer to the Witan Wisdom Key Features & Terms and Conditions for full product details.

Make the investment: Contact us today and find out more

Telephone

Our dedicated Investor Helpline is able to help you with any questions you might have about the application process, the investments you hold with Witan Wisdom and can even execute your trade over the phone. Our telephone number is: **0800 082 81 80** or **+44 1268 448646** if you are calling from outside the UK.

Online

Our website is very simple and straightforward to use. The online service allows you to open an account, execute your own transactions and check the value of your portfolio. As well as these practical capabilities, you will also find live financial analysis, charting tools and news about the investment trusts available through Witan Wisdom.

Our web address is:

www.witanwisdom.com

Email

If you have a general question that you would like to email to us please note that you should not provide any information about your investments by email because emails are not always a secure means of communication. Our email address is: **wisdom@ifdsgroup.co.uk**

Post

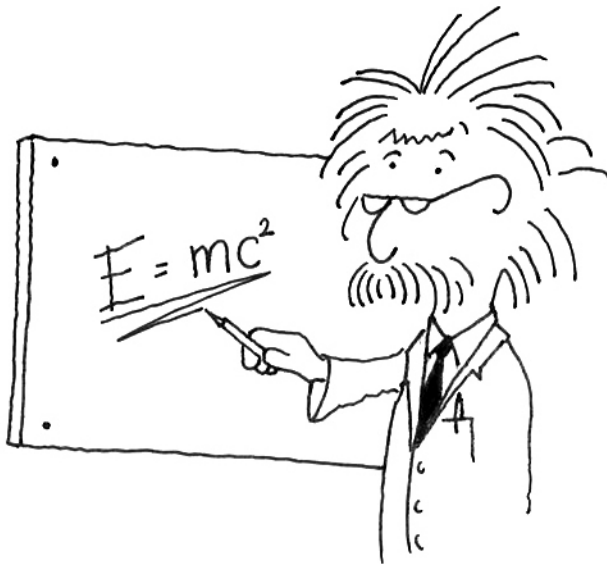
You can of course also write to us with any questions at:

Witan Wisdom
PO Box 10550
Chelmsford
CM99 2BA



Witan at the Chelsea Flower Show

Notes





April 2011

Witan Investment Trust and Witan Pacific Investment Trust are equity investments. **Please remember that past performance is not a guide to future performance.** The value of an investment and the income from it can fall as well as rise as a result of currency and market fluctuations and you may not get back the amount originally invested. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited is registered in England no. 5272533 of 14 Queen Anne's Gate, London SW1H 9AA. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Services Authority. For further information please see the product's Key Features and Terms and Conditions at www.witanwisdom.com We may record telephone calls for our mutual protection and to improve customer service.