

The Diverse Income Trust Plc

Portfolio Activity

Markets have fluctuated in March with the FTSE All Share down 1.0%. In particular the month was marked by a little more anxiety regarding the outlook for world growth. Economic data has been more mixed with adverse figures coming from Europe and China. Markets like Spain for example have fallen 5.8% during the month. UK smaller companies have tended to hold their recent gains with the FTSE Small Cap adding a further 2.4% during the month. That said the increased anxiety was seen in some of the more speculative areas with the FTSE Aim Index down 3.7% as some of the small oil and mining stocks slipped back. The Diverse Income Trust had quite a good month with the NAV up 2.7%, making a rise of 12.1% over the quarter.

In spite of some headwinds, many companies are seeing satisfactory trading conditions. However many of our holdings remain overlooked other than at the time of results. An extreme example is that of Zotefoams where until recently there have been no published forecasts on Bloomberg at all. The company is a manufacturer of technically leading foam, and they have been investing in widening the applications. We have been excited about their prospects for some time, and it has been one of our largest investments. Following the publication of their figures they have met a wider range of brokers and potential investors resulting in the publication of several research notes and a lot of new buyers seeking to purchase a holding. Over the quarter the share price has appreciated by 64% and even now we feel the stock is not expensive. However a rise of this magnitude, in a high conviction holding, has led to the stock rising to 2.5% of our portfolio, even though the rest of the portfolio has had a decent rise in the same period.

We continue to seek investments that have attractive prospects even if world growth is constrained for quite some time. The fund will not be immune to short term sentiment and overall market movements but we aim to select for companies that have scope to see improving turnover, profits and cashflow irrespective of the economic headwinds. Although there are several larger companies that offer these prospects, in general it is harder for a larger company to dodge potential economic bullets. However there are quite a few smaller businesses with modest sales and plenty of flexibility that can successfully take market share from others. The smaller end of the market has recently seen price recovery, but overall the sector is still at the bottom of a 25 year bear market relative to mid and largecap stocks. It is not surprising therefore that we are able to buy into companies with attractive growth prospects that are often still sitting on valuations more equated with mature income stocks.

Whilst the stock market might be undervaluing these companies, we see M&A as a continuing theme as industry or financial buyers look to capitalise on share prices which do not reflect the longer term franchise value of the businesses. In this context, we were pleased to receive our fourth bid approach since launch for a holding in the fund. Hardy Underwriting agreed a recommended cash takeover in the month by CNA Financial to give them a presence in the Lloyds market. The offer represented a 36% premium to the price prior to announcement even though Hardy had already initiated a strategic review.

Investment Objective & Key Features

The Company's investment objective is to provide Shareholders with an attractive level of dividends in businesses with the prospect of dividend growth. This trend should also be reflected in some capital growth over the long term. It will invest primarily in quoted or traded UK companies with a wide range of market capitalisations and a long-term bias toward small and mid cap equities. It may also invest in large cap companies, including FTSE 100 constituents, where it is believed that this may increase shareholder value.

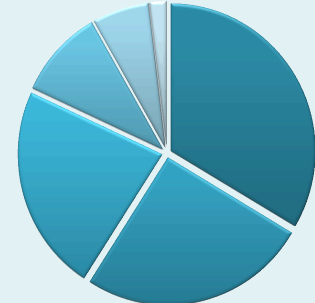
Portfolio risk will be mitigated by investing in a diversified spread of investments. The portfolio is expected to be made up of 80 to 120 investments, most of which will represent no more than 1.5 per cent of the value of the portfolio as at the time of acquisition.

The Company intends to pay dividends on a quarterly basis. The Company is targeting an annualised dividend yield of 4 per cent. Potential investors should note that the targeted annualised dividend is a target only and not a profit forecast.

Key Facts

Market Capitalisation	Total Net Assets	Gearing	Target Dividend Yield	NAV ex. income	NAV with income	Share Price (Mid)	Discount	Annual Management Charge on Market Cap
£50.3m	£50.6m	up to 15%	4%	50.30p	50.62p	50.25p	0.7%	1.0%

Asset Allocation



FTSE AIM	33.5%	FTSE 100	9.8%
FTSE 250	25.6%	FTSE Fledgling	6.4%
FTSE Small Cap	22.8%	Irish/Other	1.9%

Source: MAM as at 31/03/2012.

Top 20 Holdings

Zotefoams plc	2.5%
CML Microsystems plc	2.1%
Greencore Group plc	2.0%
Quindell Portfolio plc	2.0%
DS Smith plc	2.0%
32 Red plc	1.9%
Paypoint plc	1.7%
Office2Office plc	1.7%
Secure Trust Bank plc	1.6%
Stadium Group plc	1.6%
Randall & Quilter Investment Holdings plc	1.5%
Abbey Protection plc	1.5%
Charles Taylor Consulting plc	1.5%
KBC Advanced Technologies plc	1.5%
Stobart Group Ltd	1.4%
KCOM Group plc	1.4%
Eco Animal Health Group	1.4%
Consort Medical plc	1.4%
Chamberlin plc	1.3%
Hansard Global plc	1.3%

Source: MAM Funds Plc. Top 20 holdings represent 33.3% of the portfolio.

Financial Calendar

Year End: 31st May
 Annual Report: Sept/Oct
 Final results announced- May
 Interim results announced- Nov
 Dividends paid in: Nov, Feb, May, Aug
 Next Dividend: Fourth Interim
 Ex date: June 2012 Payable: Aug 2012

Dividend payment dates
 Fourth Interim: Aug 2012 First Interim: Nov 2012
 Second Interim: Feb 2013 Third Interim: May 2013

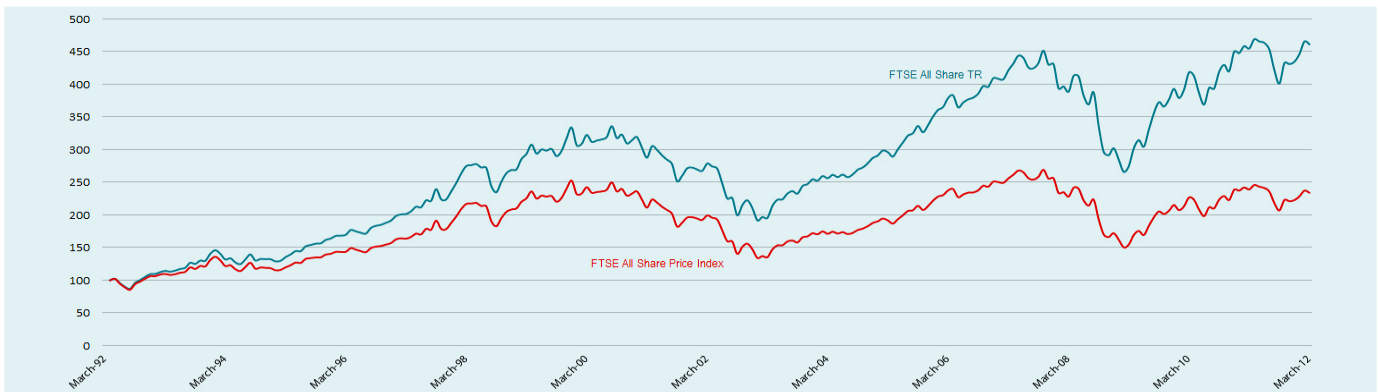
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Cumulative Performance (%)

	1 Month	3 Months	6 Months	Since Launch
Trust NAV*#	+2.7	+12.1	+11.3	+3.2
Trust Share Price (Mid)*	+1.5	+15.5	+6.4	-1.5

Sources: *Financial Express. Net income reinvested GBP. # Based on initial NAV of 48.75p (after launch expenses). Fund launch date- 28/04/11.

Effect of Income Accumulation



FTSE All Share Total Return vs FTSE All Share Price Index. Source: Bloomberg over 20 years, from 31/03/1992 - 31/03/2012.

Lead Fund Manager - Gervais Williams

The Diverse Income Trust is managed by Gervais Williams, Managing Director of MAM Funds Plc. Gervais has been an equity portfolio manager since 1985. His career includes 5 years with Throgmorton Investment Management (later part of the Framlington Group), 3 years with Thornton Investment Management (part of Dresdner Bank) and 17 years with Gartmore Group Ltd where he was head of UK Small Companies investing in UK smaller companies and Irish equities. He won Investor of the Year awarded by Grant Thornton at their Quoted Company dinner in both 2009 and 2010. He has sat on two DTI committees on the quoted small cap sector, is a member of the AIM Advisory Council and recently joined the Board of Quoted Companies Alliance.



Co Fund Manager - Martin Turner

Martin Turner joined MAM Funds in May 2011. Prior to MAM, Martin has spent nearly 20 years in the City. He qualified as a Chartered Accountant with Arthur Andersen in 1995 before moving to Rothschild and in time on to Head of Pan European Mid and Small Caps Sales at Merrill Lynch. Following this, Martin was Head of Sales at Teathers/Landsbanki before taking the Head of Small/Mid Cap Equities role covering research, sales and trading at Collins Stewart. Martin and Gervais have worked closely since 2004, and their expertise and skills are expected to complement each other in seeking to deliver premium returns for the Diverse Income Trust.



Company Information

The Company was established on 28 April 2011.
 The shares in issue for the Company total 100,000,000.
 Total Expense Ratio: 1.64% (estimated)
 AGM Date: October 2012
 Bloomberg: DMLN
 Sedol: B65TLW2
 Financial Times: (Investment Companies)
 AIC Sector: UK Growth & Income
 Benchmark: None

Directors: Michael Wrobel (Chairman), Paul Craig, Lucinda Riches & Jane Tufnell.

How to Invest - Shares are traded on the London Stock Exchange. Please speak to your Investment Manager/Stockbroker.

Contact Details

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Important Information

Past performance should not be seen as an indication of future performance. The information on this factsheet is as at 31/03/2012. The value of investments and any income will fluctuate and investors may not get back the full amount invested. The views expressed are those of MAM at the time of writing, are subject to change without notice and should not be interpreted as investment advice. This document is provided for the purpose of information only and if you are unsure of the suitability of this investment you should take independent advice. Before investing you should read the Trust's listing particulars which will exclusively form the basis of any investment. Net Asset Value (NAV) performance is not linked to share price performance, and shareholders may realise returns that are lower or higher in performance. The annual investment management charge and other charges are deducted from income and capital.

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