

Highlights



Gervais Williams
Senior Investment
Manager

Further evidence has emerged over recent months to signal that the Irish economy is now past the worst, with the Central Statistics Office reporting that third quarter Gross Domestic Product (GDP) grew 0.3% relative to the second quarter. However, on a year-on-year basis the severity of the downturn is clear, with a decline of 7.4%. There are still serious obstacles facing the Irish economy, such as weak consumer spending and falling government expenditure. On a more positive note, however, commentators have noted that employment appears to be stabilising.

After a very strong third quarter, Irish equities suffered a steep decline in October, driven by severe weakness in the banking sector. Although the fall continued through November, there was a return to positive territory in December. The Irish Stock Exchange Overall (ISEQ) Index shed 13.6%* for the three months to 31 December 2009.

Fund details

Total Assets	£53.2 million
Number of Holdings	31
Net Yield	Nil
Management Fee	1.0% p.a.
Year End	31 March
AGM	August
Results Announced	June, December
Dividend Paid	September
Listed	1995, The London Stock Exchange
Broker	Winterflood Investment Trusts
Directors	Harry Sheridan (Chairman), Robin Baillie, Gavin Caldwell, Richard Milliken, Willie Cotter, Patrick Cunneen
Capital Structure	7,432,690 Ordinary Shares

SAVEit & ISAit

The Ordinary Shares of the Company are included in both Gartmore SAVEit (minimum £1,000 lump sum, minimum £50 monthly savings) and Gartmore Investment ISAit (minimum £1,000 lump sum, minimum £50 monthly savings, maximum of £7,200 for the current tax year).

For further information on the Trust, please visit our website www.gartmoreirishgrowthfund.com.

Fund holdings as at 31.01.10

Ten largest holdings [†]		Sector breakdown [†]	
	Total Assets (%)		Total Assets (%)
Smurfit Kappa	11.9	Non-Cyclical Consumer Goods	31.8
Total Produce	9.1	Cyclical Services	21.9
Irish Continental	8.5	General Industrials	17.8
Norkom	7.6	Financials	8.9
Andor Technology	7.5	Information Technology	8.5
Origin Enterprises	6.1	Resources	2.2
Greencore	6.1	Non-Cyclical Services	0.7
Fyffes	5.8	Other Assets/(Liabilities), including Cash	8.2
Glanbia	5.3		
Ryanair	4.5		

[†] Source: Gartmore

Important information

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If the value of these investments falls in value, gearing will magnify the negative impact on performance. If an investment trust incorporates a large amount of gearing the value of its shares may be subject to sudden and large falls in value and you could get back nothing at all. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Funds which specialise in investing in a particular region or market sector are more risky than those which hold a very broad spread of investments. Where a Fund holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more pronounced effect on the Fund's value than if a larger number of investments were held. Funds investing in overseas securities are exposed to and can hold currencies other than Sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance. The level of yield may be subject to fluctuation and is not guaranteed.

Investment objective

The Company seeks to provide shareholders with long-term capital growth through investment in quoted companies, which are either incorporated in the Republic of Ireland or Northern Ireland or, if elsewhere, derive the majority of their turnover or profits from the Republic of Ireland or Northern Ireland or are listed on the ISEQ Index. It is considered that the Company, through the securities in which it invests, offers an attractive and relatively direct means of investing in Ireland, thereby giving exposure to:

- its attractive demographics;
- low corporation tax;
- an attractive English-speaking base for international investors, particularly from the USA, to service the EU market;
- an attractive base from which Irish companies could develop international business; and
- a pro-business Government and culture.

Investment policy

Asset allocation: The Company invests in quoted companies which are either incorporated in the Republic of Ireland or Northern Ireland or, if elsewhere, derive the majority of their turnover or profits from the Republic of Ireland or Northern Ireland, or are listed on the ISEQ Index. The majority of investments will be in equities, although other forms of equity-related securities, including warrants and convertibles, may be held. Cash and derivative instruments (such as futures and options) may be used for efficient portfolio management and as part of investment strategy, subject to the prior consent of the Board.

The Company's investments are not limited by reference to market capitalisation, sector or weightings within the Republic of Ireland or elsewhere. However, a sizeable part of the portfolio is usually held in stocks of companies incorporated in the Republic of Ireland since they represent a majority of the Company's eligible investment universe.

Risk diversification: Portfolio risk is managed by investing in a diversified spread of investments. There are generally approximately 40 holdings at any one time, and no single holding will represent more than 15% of the net assets of the Company or more than 15% of the investee company's issued share capital at the time of acquisition. The Company will not invest more than 15% of its gross assets in other listed investment companies (including investment trusts).

Gearing: The Manager is authorised to borrow to make additional investments. Gearing can fluctuate between zero and 25% of shareholders' funds, with timing determined on the basis of market circumstances and investment opportunities. The level of gearing is regularly monitored by the Board. Alternatively, cash is held when the Manager has negative views on share prices. Previously, gearing has been achieved through the use of flexible borrowing facilities. In the recent turbulence in banking markets in Ireland and in other countries, the Company did not renew its borrowing facilities due to the unacceptable terms. The Board has authorised the Manager to use contracts for difference ("CFDs") for gearing purposes. The use of CFDs is subject to the limits which applied when bank loan facilities were used, and total gearing remains subject to a maximum of 25% of shareholders' funds.

Life of Company

An Ordinary Resolution will be proposed every three years for the Company to continue as an investment trust.

Fund commentary

Investment Strategy for the fourth quarter of 2009

The company's NAV per share fell by around 11.0% over the final quarter of 2009. An overweight exposure to the financial services sector contributed strongly to returns despite the sector's large decline, thanks to strong stock selection over the quarter.

New holdings during the quarter included Icon, Paddy Power, Ryanair and CRH. We fully disposed of holdings in Kerry Group, Grafton Group, Elan, Providence Resources and Aminex.

Our top performing position for the quarter was Smurfit Kappa, a holding which we re-established over October. Smurfit Kappa, a producer of paper-based packaging, restructured its balance sheet during the year and is now well positioned to benefit from increasing demand as the economic recovery gathers momentum. It was trading at a discount to peers on a variety of measures, and with its potential cashflow generation made a compelling case for investment.

Our holdings in Andor Technology and Norkom Group also benefited. We exited our remaining position in Irish Life & Permanent at the beginning of November. Although it had fallen already, we managed to avoid the sharp decline which followed and this also contributed to returns relative to the ISEQ Index.

Our largest detractor was our underweight position in CRH, a producer and distributor of construction materials. We sold this position during the third quarter, just before a sharp fall, and repurchased in mid-December. Although the stock's return was negative over the quarter, it was still ahead of the wider market. Overweight positions in Datalex and Origin Enterprises also detracted from returns given their heavy falls. We were also underweight or held a zero weighting in some of the ISEQ's stronger performers over the quarter, such as DCC, and this weighed on returns relative to the ISEQ Index.

Investment Outlook

We maintain our view that the recovery of the Irish economy is likely to take quite some time, although

we believe that the outlook for certain Irish equities remains attractive. As discussed previously, some businesses quoted in Ireland appear to have been overlooked by portfolio managers, in part because of their Irish incorporation. This is particularly true of some of the internationally focused businesses which have prospects that are more closely linked to other territories.

The normalisation of risk appetites during 2009 remains in the early stages, and as this trend progresses we expect to see greater differentiation and discrimination between sectors and companies, with more acknowledgment of the true underlying value of companies that have weathered the storm of the past two years.

The drop during October demonstrated that Irish equities remain vulnerable to shocks, although such events can provide opportunities to initiate or increase holdings of quality companies at discounted prices. Additionally, in the context of the performance over the full year it is less alarming than it initially appears. Over the year the ISEQ Index has gained 16.7%, and 51.5% since the low in March.

Fund performance

Annual performance to 31.01.10 (%)

	31.01.05 – 31.01.06	31.01.06 – 31.01.07	31.01.07 – 31.01.08	31.01.08 – 31.01.09	31.01.09 – 31.01.10
Share Price	20.3	31.4	-22.1	-45.1	63.5

Source: Thomson Reuters Datastream. Basis: Capital performance only, mid price, in sterling terms.

Cumulative track record to 31.01.10 (%)

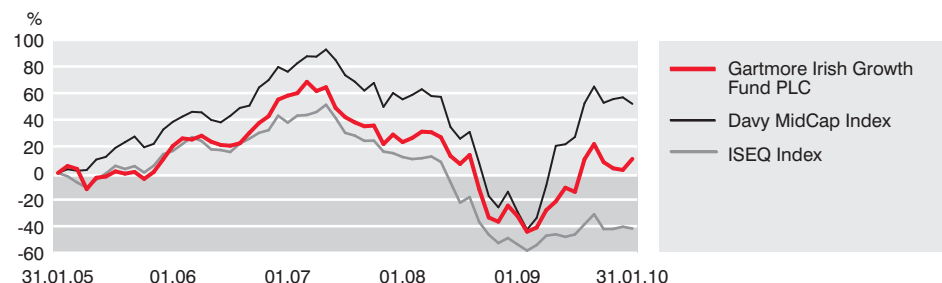
	1 month	3 months	1 year	3 years	5 years	10 years
Net Asset Value per share†	716.3p	-0.5	2.7	56.3	-23.3	185.0
Davy MidCap Index*	2537.1	-3.1	-0.5	114.2	-13.7	205.5
ISEQ Index**	2581.6	-2.3	0.6	25.7	-57.8	-12.8
Share Price - Ordinary Shares	654.0p	8.1	2.3	63.5	-30.1	258.7
Discount	9%					
Gearing***	100%					

Source for all data: Gartmore and Sinclair Henderson as at 31.01.10, capital performance only, in sterling terms. From 31.12.05 (inclusive) Net Asset Value (NAV) reflects the portfolio stated at bid prices. Performance has been calculated using unadjusted historical published NAVs which were based on mid valuations prior to 31.12.05. Fund returns are calculated from NAV (ex revenue) prices until 31.05.08, after which NAV (inc revenue) prices are used. Share price quoted at mid price.

†Inclusive of current year revenue. Please note that comparative NAVs older than one year exclude undistributed revenue.

* Source: Davy. **Source: Thomson Reuters Datastream. ***A gearing factor of 100% means the Company has no gearing.

Share Price percentage change over a five year period



Source: Davy/Thomson Reuters Datastream. Basis: Capital performance only, mid price, in sterling terms.

Past performance is not a guide to future performance.

Important information. ISAs were introduced on 6 April 1999. They are subject to government legislation and as such their tax treatment may be changed in the future. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position, you should seek professional advice. Investment trust shares may trade at a discount or premium to the value of the investment trust's assets. Telephone calls may be recorded for monitoring and training purposes. If you have any doubt whether this product is suitable for you and you wish to obtain personal advice, please contact an independent financial adviser. Issued by Gartmore Investment Limited (GIL), which is authorised and regulated by the Financial Services Authority. Gartmore House, 8 Fenchurch Place, London EC3M 4PB.

* Source for index data: Thomson Reuters Datastream, capital returns with no income, three months to 31.12.09.

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