

Highlights



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Strength in UK equities in the final month of the year marked the end of a remarkable period for investors. Although the domestic economy remains vulnerable to shocks, equities have performed well since March as markets have focused on the road to recovery ahead. However, over the fourth quarter there were marked differences in returns between capitalisation ranges.

After a very strong third quarter, over the final months of 2009 the FTSE Smaller Companies (excluding Investment Companies) Index weakened, shedding 8.2%. Micro-caps fared better, with a gain in the FTSE AIM All-Share Index of 1.2%*, but still lagging larger companies, which recovered from weakness in October to perform well up to the end of the year.

Fund details

Total Assets	£64.7 million
Number of Holdings	191
Net Yield	0.9% p.a.
Management Fee	0.75% p.a. (no performance related element)
Year End	30 June
AGM	October
Results Announced	February, September
Dividend Paid	October
Listed	1991, The London Stock Exchange
Broker	Cenkos Securities
Directors	David Peters (Chairman), David Cade, Peter Derby, Daniel Mace, Robert Ware
Capital Structure	11,690,840 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.gartmoregrowthopps.com.

Investment objective

The Company seeks capital appreciation from investment primarily in the shares of quoted UK smaller companies and aims to be one of the leading investment trusts in its sector.

Investment policy

Asset allocation: The Company mainly invests in UK smaller companies, with a wide range of market capitalisations, targeting sustained returns even in difficult markets. A number of the UK smaller companies within the portfolio may therefore be outside the universe of the benchmark index when it is believed this will increase shareholder value. Whilst the majority of investments are equities, other instruments such as warrants and convertible and non-convertible securities (including preference shares and loan stocks) may be used. Cash and derivative instruments (such as futures and options) may also be utilised for efficient portfolio management and as part of investment strategy, not only as a short-term measure. In addition, the Company's trading subsidiary targets absolute returns in order to enhance shareholder returns under a broader range of market conditions and to offer further downside protection to the portfolio as a whole.

Risk diversification: Portfolio risk is mitigated by investing in a diversified spread of investments. In compliance with section 842 Income and Corporation Taxes Act 1988 investments in any one company, other than holdings in another investment company, shall not, on acquisition, exceed 15% of the portfolio value.

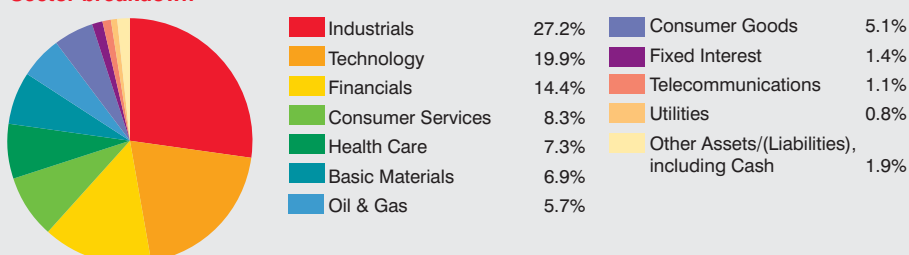
Gearing: The Company will make use of borrowings when it is considered that gearing will enhance total returns. The Company has bank borrowing facilities in place and the Board currently has a policy that gearing under these facilities shall not exceed 20% of the value of Net Assets.

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. Particular share classes may also be structurally geared by other share classes that have earlier entitlement to the Company's assets up to a predetermined limit. 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. Some of the annual management fee is currently charged to the capital of the Fund. Whilst this increases the yield, it will restrict the potential for capital growth. The level of yield may be subject to fluctuation and is not guaranteed. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance. Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy and capital structure of the overall Company.

Fund holdings as at 31.01.10

Sector breakdown[†]



Ten largest holdings[†]

Company	Total Assets (%)
BATM Advanced Communications	4.5
Pace	3.5
Penna Consulting	3.4
Juridica Investments	1.9
Innovation	1.8
Sterling Energy	1.5
MBL	1.4
Renovo	1.4
Nestor Healthcare	1.4
Management Consulting	1.4

[†] Source: Gartmore

Fund commentary

Investment Strategy for the fourth quarter of 2009

The Company's NAV rose by 0.6% over the quarter. The higher exposure to micro-caps, which modestly held back returns relative to the Smaller Companies index through the third quarter, proved positive towards the end of the year as the leadership reversed.

Cybit Holdings, a technology business specialising in telematics, was the top contributor to performance over the quarter after its board agreed on recommended terms of a takeover offer by Bidco during December. The 75p offer for the AIM listed company represented a considerable premium to the market price, which rose sharply as a result.

BATM Advanced Communications, one of the Company's largest holdings, was also a strong contributor over the quarter after good performance during October. Broadening analytical coverage coupled with a solid trading update at the end of the month stimulated the share price. The stock has been a laggard, despite revenues not taking a step back during the last year, and we believe that it has

further gains to be made when market perceptions catch up with the business performance.

Overweight positions in Carclo, Morse and Assetco also performed well after strong share price appreciation. The Company also benefited from zero weightings in a number of weak stocks, including Quintain Estates & Development, Hardy Oil & Gas and Pendragon.

Detractors included an overweight in Management Consulting Group, which fell heavily during November after disappointing results. Other weak overweight positions included Sportech and Lavendon, while zero weightings in several strong performers such as Mouchel Group and Senior also detracted.

Investment Outlook

Despite the injection of liquidity into the financial system in the last year, there has been a marked lack of asset allocation to small caps. Small caps were already depressed coming into the credit crisis, and it is the small cap effect (the scale of change within a business and the difference between the public

perception of that business and the business reality) which is the enduring driver behind small cap stock returns. In a broad, diverse and neglected asset class the scope to invest is constrained only by the investment team's energy and access to capital. In this respect a number of factors are a source of encouragement.

Firstly, we believe that the normalisation of risk appetites during 2009 remains in the early stages for smaller companies after a protracted period of underperformance. Further, the pace of economic growth last year was driven (at least initially), by inventory cycles. The deferral of spending cannot continue indefinitely, and combined with the pressure on large business to manufacture earnings growth, we expect an uptake in corporate activity in 2010.

Finally, there was an apparent attitude in 2008 that all financials, companies with debt, and cyclicals were bad, while all exposure to public expenditure was good and defensive. However, this completely reversed in 2009. In this context the market is still not showing great signs of differentiation and discrimination. That is a trend that will reassert itself, and when it does we believe it will be disproportionately beneficial for good and active stock selection styles.

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

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	14.5	16.2	-16.5	-24.9	97.8

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

Cumulative track record to 31.01.10 (%)

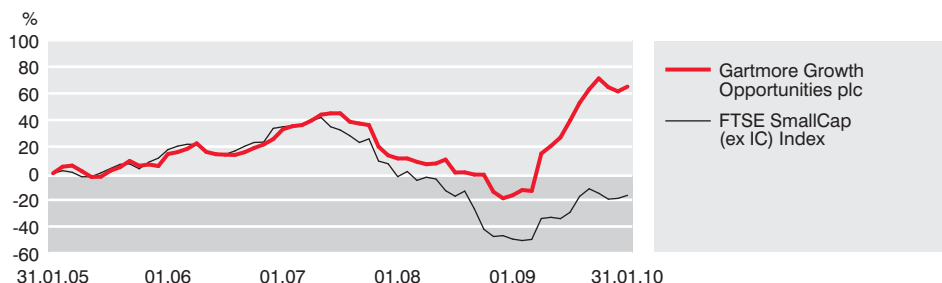
	1 month	3 months	1 year	3 years	5 years	10 years	
Net Asset Value per Ordinary share*	521.4p	2.0	0.9	81.0	27.7	58.8	78.9
FTSE SmallCap (ex IC) Index**	2394.4	2.9	-1.8	65.1	-38.2	-16.6	-23.1
Share Price - Ordinary Shares	494.0p	2.2	-3.6	97.8	24.1	65.1	121.0
Discount	5%						
Gearing***	106%						

Source for all data: Gartmore 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. Share price quoted at mid price.

* Inclusive of current year revenue. Please note that comparative NAVs older than three years exclude undistributed revenue.

** 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: 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, which is authorised and regulated by the Financial Services Authority. Gartmore House, 8 Fenchurch Place, London EC3M 4PB.

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