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If you have sold or otherwise transferred all of your ordinary shares in Artemis Alpha Trust plc (the "Company"), please send this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. However, the enclosed personalised Form of Proxy and accompanying Prospectus relating to the Company should not be forwarded to or transmitted in or into any jurisdiction outside the EEA States, the Channel Islands and the Isle of Man.

Canaccord Genuity Limited ("Canaccord Genuity"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no one else in connection with the matters described in this document and will not be responsible to any person other than the Company for providing the protections afforded to customers of Canaccord Genuity nor for providing advice in relation to such matters. This does not exclude or limit any responsibility which Canaccord Genuity may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

This document should be read in conjunction with the accompanying Prospectus relating to the Company which has been prepared in accordance with the Prospectus Rules and the Listing Rules of the Financial Services Authority made under section 73A of the Financial Services and Markets Act 2000.

**The attention of Overseas Shareholders and other recipients of this document who are residents of any country outside the EEA States, the Channel Islands and the Isle of Man, is drawn to the section entitled "Overseas Shareholders and Overseas GGO Shareholders" in Part I of this document.**

The definitions used in this document are set out on pages 30 to 33 of this document.

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## **ARTEMIS ALPHA TRUST PLC**

*(Incorporated in England and Wales with registered number 253644 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Proposed issue of up to 30 million New Ordinary Shares in connection with the recommended proposals for the reconstruction and winding up of Gartmore Growth Opportunities plc**

### **Proposed bonus issue of up to 10 million Subscription Shares, adoption of New Articles of Association, new investment management fee arrangements and other ancillary matters**

### **Notice of General Meeting**

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Notice of a general meeting of the Company to be held at 9.00 a.m. on 7 December 2010 at the offices of Artemis Investment Management LLP, 42 Melville Street, Edinburgh EH3 7HA is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed. Whether or not you propose to attend the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it. In order to be valid, the Form of Proxy must be completed and returned to the Company's registrar, Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received no later than 48 hours (excluding non-working days) before the time of the General Meeting.

Your attention is drawn to the letter from the Chairman of the Company in Part I of this document which contains the recommendation of the Directors that you vote in favour of the resolutions to be proposed at the General Meeting.

Your attention is also drawn to the section entitled "Risk Factors" on pages 4 to 9 of this document and to the section entitled "Action to be taken" on page 19 of this document.

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## EXPECTED TIMETABLE

	2010
Record date for the Interim Dividend	26 November
Class meeting of the holders of GGO Shares	10.00 a.m. on 29 November
First general meeting of GGO	10.05 a.m. on 29 November
Latest time and date for receipt of Forms of Proxy for the General Meeting	9.00 a.m. on 3 December
Record Date for the Bonus Issue	6.00 p.m. on 3 December
General Meeting of the Company	9.00 a.m. on 7 December
Calculation Date	5.00 p.m. on 7 December
Second general meeting of GGO	10.00 a.m. on 10 December
Effective Date of the GGO Scheme	10 December
Conversion Price of Subscription Shares announced	13 December
Admission and dealings commence in the New Ordinary Shares and the Subscription Shares and CREST accounts credited in respect of New Ordinary Shares and Subscription Shares issued in uncertificated form	8.00 a.m. on 13 December
Certificates despatched in respect of New Ordinary Shares and Subscription Shares issued in certificated form	Week commencing 20 December
Payment date for the Interim Dividend	4 February 2011

**Notes:**

- (1) The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange and an announcement will be made through a Regulatory Information Service.
- (2) All references to time in this document are to London time.
- (3) In this document, where the context requires, references to 9 November 2010 should be treated as being references to the latest practicable date prior to publication of this document (unless otherwise stated).

## RISK FACTORS

The risks referred to in this section are the material risks known to the Directors at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes at the General Meeting and which are otherwise material in relation to the Proposals and the Company. Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 without delay. Furthermore, if Shareholders are in doubt as to the consequences of acquiring, holding, or disposing of the Subscription Shares or exercising the Subscription Share Rights they should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

### The Scheme

Implementation of the Proposals is conditional, *inter alia*, upon the Resolutions being passed at the General Meeting and GGO Shareholders approving the Scheme. In the event that the Resolutions to be proposed at the General Meeting are not passed, or any other condition of the Proposals is not met, the Proposals will not be implemented.

### General

An investment in the Company is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). Such an investment should be seen as long-term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

The value of an investment in the Company and the income derived from it, may go down as well as up. Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

The past performance of the Company, and of other investments managed by the Investment Manager, is not a guide to future performance.

### Ordinary Shares

The market prices of shares in investment trusts fluctuate independently of their Net Asset Value and can be at a discount or premium to Net Asset Value at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of the Ordinary Shares may not fully reflect their underlying Net Asset Value.

Shares in the Company are designed to be held over the long-term and may not be suitable as short-term investments. The value of an investment in the Company and the income derived from it, if any, may go down as well as up. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be achieved or provide the returns sought by the Company. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The investment returns on the Company's portfolio and the returns from an investment in Ordinary Shares in the future may differ materially from historical returns on the Company's Ordinary Shares and will depend, among other things, on the composition of the Company's portfolio.

Although the New Ordinary Shares will be listed on the Official List with a Premium Listing and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty selling them.

The exercise of the subscription rights conferred by the Subscription Shares will result in dilution of Ordinary Shareholders' interests if the Net Asset Value per Ordinary Share exceeds the price payable on conversion of a Subscription Share at the relevant time. The extent of such dilution will depend on the number of Subscription Shares in respect of which subscription rights are exercised on each occasion and the difference between the price payable on such conversion and the net asset value prevailing at the time new Ordinary Shares are issued pursuant to such conversion. The perceived risk of dilution may adversely impact the market price of the Ordinary Shares.

In the event of the winding up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution to the Ordinary Shareholders.

### **Subscription Shares**

The Subscription Shares may not be suitable as a short-term investment. The value of a Subscription Share may go down as well as up.

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.

The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

In the event of the winding up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders. This payment to Subscription Shareholders may not necessarily be an amount equal to the market value of their Subscription Shares.

In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of the sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of the sale would exceed the costs of exercise of such rights.

Although the price of the Subscription Shares and Ordinary Shares will be linked, since they share common price factors, the price of a Subscription Share may not move in line with that of an Ordinary Share because of other factors affecting their respective prices, for example, the relative supply and demand for each class of share. The price of Subscription Shares may be effected by factors which do not affect the price of an Ordinary Share, for example, the remaining duration of the Subscription Share Rights.

Although Subscription Shares will be listed on the Official List with a Standard Listing and admitted to trading on the Main Market, the market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares.

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section entitled "Risk Factors".

### **Risks relating to the Proposals**

The implementation of the Proposals is subject to a number of conditions, details of which are set out in Part I of this document, and there is no certainty that the Proposals will become effective. The implementation of the Proposals is conditional upon the passing of resolutions to approve the GGO Scheme at the class meeting of GGO Shareholders and general meetings of GGO. The implementation of the Proposals is also conditional upon the Resolutions being passed at the General Meeting. In the event that any of these resolutions are not passed, the Proposals will not be implemented. The Investment Manager has agreed to meet any costs and expenses payable by the Company in connection with the Proposals if they are not implemented.

Under the terms of the Transfer Agreement, the Company will acquire certain of the assets of GGO. GGO has a similar investment policy to the Company and the assets to be acquired will comprise primarily of securities in UK quoted smaller companies. The same risk factors shall apply as apply to the Company's existing investments in UK quoted smaller companies as described below.

New Ordinary Shares will be issued to GGO Shareholders on the basis of the respective adjusted net asset values of each company calculated as at 5.00 p.m. on 7 December 2010, further details of which are set out in the section entitled "FAV and the Rollover Option" in Part I of this document. The NAV of an Ordinary Share and of a GGO Share will vary between the Calculation Date and the Effective Date and the net asset values may be lower or higher than the illustrative figures used in this document.

The Proposals will be funded in part through the exercise of the Manager Warrants before their next scheduled exercise date pursuant to which 6,533,982 New Ordinary Shares (representing 21.79 per cent. of the current issued share capital of the Company, excluding treasury shares) will be issued (which will be Qualifying Shares for the purposes of the Bonus Issue). If the Proposals are not implemented, these Manager Warrants would not be

exercisable and would not dilute the interests of existing Ordinary Shareholders until exercised on the last Business Day in March 2011 at the earliest.

As described in the section entitled "Funding the Cash Option" in Part I of this document, RBS has agreed, subject only to the entering into of a definitive facility agreement with the Company, to provide a facility of up to £15 million to the Company. The facility may be used to fund in part elections for the Cash Option and otherwise in accordance with the investment policy of the Company from time to time. Although RBS has agreed to provide this facility, until such time as the facility agreement is entered into it will not be under a legal obligation to do so. There is no guarantee that the facility agreement will be entered into. In the event that this facility is not put in place, the Company may put an alternative facility in place with another lender (which may or may not be on more onerous terms) or divest of some of its investments in its portfolio to realise up to £6.5 million (based on the illustrative FAV per GGO Share as at 8 November 2010) to fund in part elections for the Cash Option. If the Company requires to divest of investments in these circumstances, as a result of market fluctuations and conditions in general, it may not realise the expected market value of those assets. For the avoidance of doubt, any such divestment of investments by the Company to partially fund the Cash Option is not expected to have an adverse impact on the overall portfolio composition or liquidity of the Enlarged Company's portfolio following the implementation of the Proposals.

Under the terms of the Management Agreement, the Investment Manager is currently entitled to a basic management fee of 0.75 per cent. per annum of the market capitalisation of the Company. If the Proposals are implemented, the terms of the Management Agreement will be amended so as to provide for the payment of a performance fee by the Company to the Investment Manager if certain performance conditions are satisfied. The performance fee is, however, capped and cannot exceed 2.5 per cent. of the Company's market capitalisation at the end of the measurement period. However, outperformance above the level of this cap is able to be carried forward and given credit in later measurement periods where positive outperformance has been achieved (subject always to the high water mark and payment cap in such later periods). Although the existence of performance fees may create an incentive for managers to propose or make riskier or more speculative investments than they would otherwise make in the absence of such fees, the Company's proposed performance fee arrangements are measured over a rolling three year period and include a "high water mark" principle such that a fee will only be paid if the Company's share price (on a total return basis) ends the relevant measurement period higher than the start and is higher than the last share price level (on a total return basis) at which a performance fee was last paid.

### **The Company's investments**

The Company is an investment trust which invests mainly in UK and selected international equities. However, the Company has a very wide investment policy and may also invest in limited liability hedge funds, cash and bonds, unquoted investments, derivative instruments and other investments and securities as appropriate.

#### *Smaller companies*

Smaller companies can be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile.

As smaller companies do not generally have the financial strength, diversity and resources of larger companies, they may find it more difficult to overcome periods of economic slowdown or recession. In addition, the relatively small market capitalisation of such companies can make the market in their shares illiquid. Prices of smaller capitalisation stocks are often more volatile than prices of larger capitalisation stocks and the risk of bankruptcy of many smaller companies (with the attendant losses to investors) is higher. In certain circumstances, particularly in times of economic slowdown or recession, smaller companies may be more likely to reduce their dividends.

The Company invests in securities that are not readily tradable or may hold investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of Ordinary Shares and/or Subscription Shares in the Company. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative market prices.

#### *Unquoted companies*

The Company may invest in unquoted investments. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and they may be more difficult to realise.

In comparison with listed investments, unquoted companies are subject to further particular risks, including that such companies:

- (i) may be subject to a higher risk of default under financing and contractual arrangements, leading to severe adverse consequences for those companies and the value of the Company's investment in them;
- (ii) may have limited financial resources and reduced access to financing sources;
- (iii) may have shorter operating histories, narrower product lines and smaller market shares, rendering them more vulnerable to competitors' actions and market conditions as well as general economic downturns;
- (iv) are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects and the investment made by the Company; and
- (v) generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may often have limited product offerings, markets or financial resources and may be dependent on a small number of key individuals.

It may be particularly difficult for the Investment Manager to obtain accurate or extensive due diligence information prior to making an unlisted investment. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise and the Company may have no, or limited, recourse if such information subsequently turns out to be inadequate or inaccurate.

Investments made by the Company in unlisted securities may rank behind investments made by others, which may mean that more senior ranking investors take actions outside the control of the Company which are adverse to the interests of the Company.

The Management Agreement contains a provision that restricts the amount that can be invested in unquoted companies to 30 per cent. of the Company's net assets (measured by the lower of their cost or current valuation). As at 9 November 2010, the value of unquoted investments represented 30.8 per cent. of the Company's net assets (17.2 per cent. when measured by the lower of their cost or current valuation). Of these unquoted investments, Vostok Energy plc and Hurricane Exploration plc represented 9.9 per cent. and 6.7 per cent. respectively of the Company's net assets.

#### *Number of Investments*

As at 9 November 2010, the Company's portfolio comprised of 83 investments. The Company holds investments in a smaller number of portfolio companies than some other investment trusts with similar investment policies. This may lead to greater volatility in the overall value of the Company's investments.

#### *Sectoral diversification*

The Company is not constrained from weighting to any sector. This may lead to the Company having significant exposure to portfolio companies from certain business sectors from time to time. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to its shareholders. As at 9 November 2010, 43.0 per cent. of the Company's net assets were invested in oil and gas producers.

#### *Derivatives*

Derivatives may be used by the Company for efficient portfolio management and hedging purposes. Derivatives may also be used to achieve the Company's investment objective and/or policy. The use of derivatives may lead to a higher volatility in the NAV and Ordinary Share price than might otherwise be the case.

#### *Hedge funds*

The Company may invest up to 30 per cent. of its net assets in hedge funds and/or other unregulated collective investment schemes. As at 9 November 2010, the Company did not have any such investments in its portfolio. Investments in such underlying funds may not be readily tradable or may be subject to trading restrictions and lock-ins and the Investment Manager has no control over the day-to-day operations of underlying fund managers. The underlying funds may follow speculative and/or leveraged investment strategies and there is a risk that there will be a total loss in capital in an underlying fund through such strategies. Underlying funds may also engage in short selling. Such transactions expose the investee funds to the risk of uncapped losses until a position is closed

out. Underlying funds may have significant investments in the securities of high growth companies which may be very volatile. Underlying funds may also invest in or make use of swaps, derivative or synthetic instruments or exotic over the counter transactions and may consequently be subject to further credit risk and bear the risk of settlement default. Investment in hedge funds and/or other unregulated collective investment schemes domiciled or operating in unregulated or less regulated markets and jurisdictions involves risks not typically involved in investing in securities of companies domiciled and operating in fully regulated securities markets. Such risks include reduced corporate governance requirements, lack of appropriate investor protections and reduced transparency compared to more regulated markets. Losses in investments in such jurisdictions may be irrecoverable under local regulations which may materially and adversely impact returns to Shareholders.

#### **General**

The Company may from time to time invest in other listed investment companies. As a consequence of these investments, the Company may itself be indirectly exposed to gearing through the borrowings from time to time of these other investment companies. The Company has a policy of not investing more than 15 per cent. of its gross assets in other listed investment companies, including investment trusts. The net asset value of an Ordinary Share, which is a factor in determining the market value of the Ordinary Shares, will be linked to the underlying share price performance of any such other investment companies.

The Company has a very wide investment policy and may acquire investments in non-financial asset classes which are unregulated.

The Company does not follow any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Ordinary Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index. However, it is proposed that, subject to the GGO Scheme becoming effective, and with effect from the Effective Date, the Management Agreement be amended to provide for a performance fee payable to the Investment Manager equal to 15 per cent. of any outperformance by the Company's share price (on a total return basis) against the FTSE All Share Index (on a total return basis) plus 2 per cent. per annum, measured over a rolling three year period.

#### **Borrowings**

The Company uses borrowings to seek to enhance investment returns. While the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to affect adversely the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments as well as a reduction in income from investments.

The Company pays interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

There is no guarantee that any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all.

#### **Dividends**

The Company will only pay dividends on the Ordinary Shares to the extent that it has profits (including available reserves) available for that purpose, which will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt. A fall in the value of the Company's assets may also affect the Company's ability to pay dividends. Accordingly, the amount of dividends payable by the Company may fluctuate.

Any changes to UK law or accounting rules and standards applicable to the Company or to the way in which the Company accounts for expenses, tax or tax relief as a result of changes to recommended accounting practices

or accounting standards could have an adverse effect on the level of profits available for the payment of dividends.

Under the Articles, the Company may not pay a dividend out of capital reserves. This will remain the same in the event the New Articles are adopted. As an investment trust, the Company is required to distribute sufficient net income to ensure that it retains no more than 15 per cent. of its eligible investment income.

#### **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 investments, bank balances, cash and other receivables, which represent the Company's exposure to credit risk in relation to financial assets. The Company is exposed to potential failure by counterparties to deliver investments for which the Company has paid, or to pay for investments which the Company has delivered. Risks relating to unsettled transactions are considered by the Company to be small as a result of the relatively short settlement period usually involved and the credit quality of the counterparties used. Substantially all of the assets of the Company other than cash deposits are held by the Company's custodian. Bankruptcy or insolvency of the Custodian might cause the Company's rights in respect of the securities held by the Custodian to be delayed or limited. Bankruptcy or insolvency of any such financial institution may limit or delay the Company's ability to access cash placed on deposit. The Company has no concentration of credit risk and exposure is spread over a large 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.

#### **Foreign currency risk**

Some of the Company's investments are in overseas securities or denominated in currencies other than sterling. The Company accounts for its activities and reports its results in sterling. Where the Company does not hedge its currency exposure, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses and income from investments which are made or realised in currencies other than sterling.

#### **Cessation of investment trust status**

The Company seeks to conduct its business so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (which has replaced section 842 of the Income and Corporation Taxes Act 1988). In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that the Company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

#### **Taxation and accounting**

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to its Shareholders or alter the post-tax returns to Shareholders. Any change in the tax treatment of dividends or interest received by the Company may reduce the returns to Shareholders.

Any change in accounting standards or UK law may affect adversely the value of the Company's assets in its books of account or restrict the ability of the Company to pay dividends.

Representations in this document concerning taxation are based on current law and practice which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to investors.

## PART I – LETTER FROM THE CHAIRMAN

# ARTEMIS ALPHA TRUST PLC

(Incorporated in England and Wales with registered number 253644 and registered as an investment company under section 833 of the Companies Act 2006)

*Directors:*

Simon Miller (Chairman)  
David Barron  
Tom Cross Brown  
Andrew Dalrymple  
Charles Peel

*Registered Office:*

Cassini House  
57 St. James's Street  
London  
SW1A 1LD

11 November 2010

Dear Shareholder

### PROPOSED ISSUE OF UP TO 30 MILLION NEW ORDINARY SHARES, BONUS ISSUE OF UP TO 10 MILLION SUBSCRIPTION SHARES, ADOPTION OF NEW ARTICLES OF ASSOCIATION, NEW INVESTMENT MANAGEMENT FEE ARRANGEMENTS AND OTHER ANCILLARY MATTERS

#### Background

On 27 September 2010 the Company announced that it had reached agreement in principle with Gartmore Growth Opportunities plc (“GGO”) in respect of a merger of the assets of the Company and those of GGO through a scheme of reconstruction and winding up of GGO. GGO is an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies. Pursuant to the Proposals, the Company will acquire substantially all of GGO’s assets (apart from those retained in a separate liquidation fund by the GGO Liquidators to meet certain liabilities of GGO).

I am writing to you to provide the details of (a) the Company’s participation in the recommended scheme of reconstruction of GGO; (b) the proposal to issue Subscription Shares to Qualifying Shareholders by way of a bonus issue; (c) the proposed exercise of the Manager Warrants; and (d) the proposed change to the Company’s investment management fee arrangements so as to introduce a performance fee arrangement. In order to consider and approve each of these matters, a general meeting has been convened and will be held at 9.00 a.m. on 7 December 2010. The purpose of this document is to provide you with further details of the Proposals and the reasons why the Directors recommend that you vote in favour of the resolutions to be proposed at the General Meeting.

The following sections of this letter explain the details and benefits of the Proposals and the reasons why you are recommended to vote in favour of the Resolutions to be proposed at the General Meeting. Your attention is directed to the section entitled “Action to be taken” on page 19 of this document which sets out the details of the action you should take.

The Proposals are conditional upon the approval by Shareholders at the General Meeting of the Company and the GGO Scheme being approved by GGO Shareholders and becoming effective. Further details of the conditions to the Proposals are set out in section 2 of Part IV of this document. A notice convening the General Meeting for 9.00 a.m. on 7 December 2010 to be held at the offices of Artemis Investment Management LLP, 42 Melville Street, Edinburgh EH3 7HA is set out at the end of this document. The resolutions which will be proposed at the General Meeting are as follows:

- Resolution 1, a special resolution, on which all Shareholders may vote, which is necessary to obtain certain authorities required in terms of the Companies Act 2006 *inter alia*:
  - (i) to authorise the Directors to allot the New Ordinary Shares to be issued to GGO Shareholders who elect or are deemed to have elected to roll-over their investment in GGO into the Company;
  - (ii) to authorise the Directors to allot New Ordinary Shares to the holders of Manager Warrants who have exercised their rights to subscribe for Ordinary Shares on a non pre-emptive basis;
  - (iii) to renew the Company’s authority to allot Ordinary Shares on a non pre-emptive basis in respect of the enlarged share capital following implementation of the Proposals;
  - (iv) to approve the Bonus Issue of Subscription Shares and certain matters in connection with the Bonus Issue;

- (v) to authorise the Company to make market purchases of its Ordinary Shares and Subscription Shares;
- (vi) subject to the approval of the High Court, to cancel the amount standing to the credit of the Company's share premium account; and
- (vii) to approve the adoption of New Articles of Association containing the rights of the Subscription Shares and certain other amendments necessary in connection with the Proposals; and
- Resolution 2, an ordinary resolution, on which only Independent Shareholders may vote, which is required in terms of the Listing Rules:
  - (i) to approve certain changes to the terms of the Manager Warrant Agreements under which Manager Warrants have been issued to allow the Manager Warrants to be exercised other than on their normal exercise dates; and
  - (ii) to approve certain changes to the investment management fee arrangements so as to introduce a performance fee.

Further details of Resolution 2 are set out in the section entitled "Related party transactions" on page 15 of this document.

Resolution 1 is subject to, and conditional upon, the Scheme becoming unconditional in all respects (other than regards any condition that Resolution 1 is passed) and the passing of Resolution 2. Resolution 2 is subject to, and conditional upon, the Scheme becoming unconditional in all respects (other than regards any condition that Resolution 2 is passed) and the passing of Resolution 1. Unless both Resolution 1 and Resolution 2 are passed none of the elements of the Proposals will become effective.

### **The Proposals**

Your Board believes that the GGO Scheme represents an opportunity to:

- acquire a high quality investment portfolio which is complementary to the Company's existing portfolio;
- increase the size of the Company significantly in a cost efficient manner;
- further increase the Company's market capitalisation, thereby enabling the Company to attract a wider range of investors which, in turn, should improve the liquidity in the Ordinary Shares; and
- reduce the Company's fixed operating costs as a percentage of shareholders' funds.

### ***The GGO Scheme***

Pursuant to the terms of the GGO Scheme, GGO Shareholders may:

- elect to receive New Ordinary Shares to be issued by the Company (the "Rollover Option");
- elect to receive a cash exit in respect of their investment in GGO, subject to scaling back (as described in the section entitled "The Cash Option" on page 12 of this document) (the "Cash Option"); or
- elect for a combination of the above options as suits best each GGO Shareholder's personal investment requirements.

GGO Shareholders who do not make a valid election under the Scheme will be deemed to have elected for the Rollover Option, other than Overseas GGO Shareholders and participants in the Gartmore ISAit Savings Scheme who shall be deemed to have elected for the Cash Option. Elections for the Cash Option by Overseas GGO Shareholders will not be subject to scaling back. However, Elections for the Cash Option by participants in the Gartmore ISAit Savings Scheme will be subject to scaling back.

The GGO Scheme is subject to, amongst other things, the approval of GGO Shareholders and the approval of the Proposals by the Shareholders of the Company.

If the Proposals are implemented, the Company will acquire substantially all of the investments, cash and other assets of GGO (other than those appropriated to the Liquidation Fund). The consideration for such acquisition will be satisfied by (i) the issue by the Company of New Ordinary Shares to those GGO Shareholders who elect, or are deemed to have elected, for the Rollover Option; and (ii) a cash payment by the Company to the GGO Liquidators in respect of the interests of the GGO Shareholders who elect, or are deemed to have elected, for the Cash Option.

The assets to be transferred to the Company will primarily comprise investments in quoted UK smaller companies, cash and near cash assets. As at 9 November 2010, GGO had unaudited total assets of £55.1 million. Of those

assets, 86.7 per cent. were invested in quoted securities, 0.4 per cent. were invested in unquoted securities and the balance was held in cash and near-cash assets. The assets of GGO to be acquired by the Company pursuant to the Proposals will comprise cash and near-cash assets and investments which are in accordance with the Company's investment policy.

As at 9 November 2010, GGO's portfolio comprised 171 investments with an aggregate value, at their closing bid prices on that date of £48.0 million (further details of which are set out in Part II of this document).

#### *FAV and the Rollover Option*

The number of New Ordinary Shares to be issued to GGO Shareholders who elect, or are deemed to have elected, for the Rollover Option will be based on the adjusted net asset value of an Ordinary Share (the "FAV per Ordinary Share") and of a GGO Share (the "FAV per GGO Share"). The FAV per Ordinary Share and the FAV per GGO Share will be calculated as at 5.00 p.m. on 7 December 2010 using each company's respective accounting policies (which are substantially similar). Investments which are listed, quoted or traded on a recognised stock exchange will be valued by reference to the bid price on the principal stock exchange where the relevant investment is listed, quoted or dealt save that the Company's holding of GGO Shares will be valued at 98.5 per cent. of the FAV per GGO Share. Unquoted investments will be valued at their fair value as determined by the Directors (in the case of investments held by the Company) or at their fair value as determined by the GGO directors (in the case of investments held by GGO).

The FAV per Ordinary Share will be the net asset value of an Ordinary Share adjusted to reflect the receipt of the cash proceeds from the exercise of the Manager Warrants and after a deduction in respect of the Interim Dividend (which GGO Shareholders electing for the Rollover Option will not receive) and the costs and expenses of the Proposals to be borne by the Company (save to the extent these are to be met by the cost contribution to be made by Artemis Investment Management (as described in the section entitled "Costs and expenses of the Proposals" on page 16 of this document)).

The FAV per GGO Share will be calculated in accordance with the Scheme and will be the net asset value of a GGO Share adjusted to reflect the payment of a special interim dividend of 30p per GGO Share (but no other dividend) prior to the implementation of the Proposals, GGO's costs in implementing the Proposals and the GGO Liquidators' retention.

GGO Shareholders electing for the Rollover Option will be issued such number of New Ordinary Shares in the Company with a FAV per Ordinary Share equal to 98.5 per cent. of the FAV per GGO Share of their GGO Shares.

The number of New Ordinary Shares to be issued pursuant to the GGO Scheme, the FAV per Ordinary Share and the FAV per GGO Share will be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

The New Ordinary Shares will rank equally in all respects with the existing issued Ordinary Shares (save that the New Ordinary Shares will not qualify for the Interim Dividend in respect of the six months to 31 October 2010 to be paid by the Company in February 2011) and holders of the New Ordinary Shares will be entitled to participate in the Bonus Issue.

**For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to publication of this document) and assuming the maximum level of elections for the Cash Option are made, the FAV per Ordinary Share and FAV per GGO Share would have been 290.4640p and 493.1436p respectively, and the Proposals would have resulted in the issue of 11,499,058 New Ordinary Shares to former GGO Shareholders, representing approximately 23.94 per cent. of the issued Ordinary Share capital of the Enlarged Company (excluding treasury shares).

#### *The Cash Option*

Under the Cash Option, eligible GGO Shareholders may elect for an immediate cash exit at 95 per cent. of the FAV per GGO Share, subject to cash elections not exceeding 30 per cent. of GGO's issued share capital as at the Entitlement Date. GGO Shareholders will only be eligible to elect for the Cash Option if they held their GGO Shares on 24 September 2010. In the event that valid elections, or deemed elections, for the Cash Option are made in respect of in excess of 30 per cent. of the GGO Shares in issue at the Entitlement Date then such Elections (other than in respect of Overseas GGO Shareholders) will be scaled back *pro rata* to the relevant GGO Shareholder's holdings of GGO Shares and to the extent scaled back shall be deemed to be elections for the Rollover Option.

#### *Funding the Cash Option*

The amount of cash required by the Company to fund elections for the Cash Option will depend on the level of valid elections for the Cash Option and the FAV per GGO share. **For illustrative purposes only**, had the Calculation Date been 8 November 2010 (being the latest practicable date prior to publication of this document)

and assuming that the maximum level of elections are made for the Cash Option and the FAV per GGO Share is 493.1436p, the maximum aggregate cash required by the Company for this purpose would be £14.4 million.

The Cash Option will be funded in part through the exercise of all of the outstanding Manager Warrants to subscribe for Ordinary Shares in the Company to raise approximately £7.9 million (as described in the paragraph entitled "Exercise of the Manager Warrants" below). The balance of up to £6.5 million in cash required for these purposes will be provided from the Company's existing cash resources, augmented as required by a new debt facility of up to £15 million to be provided by RBS. RBS has agreed, subject only to the entering into of a definitive facility agreement with the Company, to provide this facility. As at 9 November 2010, the Company has cash and near cash assets of £0.5 million. Accordingly, in the event that this facility is not put in place, the Company would either need to put an alternative facility in place with another lender or divest of some of its investments in its portfolio to realise up to £6.0 million to fund the balance.

Further information in relation to the Manager Warrants is set out in Part III of this document and in the section entitled "Exercise of Manager Warrants" on page 14 of this document.

#### *GGO Shares held by the Company*

As at 9 November 2010, the Company held 273,589 GGO Shares. The Company will not be entitled to elect for the Cash Option pursuant to the Scheme in respect of any of its holding of GGO Shares as such GGO Shares were acquired after the record date for participating in the Cash Option of 24 September 2010. Under company law, the Company cannot hold shares in its own capital. Under the terms of the Transfer Agreement to be entered into between, amongst others, the Company and the GGO Liquidators (in their personal capacity and on behalf of GGO), the Company will therefore waive its entitlement to receive New Ordinary Shares under the Scheme. The number of New Ordinary Shares to be issued by the Company to the GGO Liquidators under the terms of the Scheme will be reduced accordingly. For the purposes of the Scheme, the Company's holding of GGO Shares will be valued as having a value equal to 98.5 per cent. of the FAV per GGO Share (and therefore treated equivalently to other GGO Shares in respect of which an election is made, or deemed to have been made, for the Rollover Option).

#### **Proposed director**

It is intended that Ian Dighé (a director of GGO) will join the Board and that Charles Peel will resign from the Board on or around the Effective Date. Mr Dighé (aged 55) will be a non-executive director and independent of the Investment Manager. He was appointed as a non-executive Director of GGO on 27 April 2010. He has over 24 years of direct market experience in the financial services industry and specifically the investment banking and corporate banking sectors, notably as a director of Singer & Friedlander until 2000 and then as a founder of Bridgewell Group plc. He is currently a director of Strategic Equity Capital plc and a number of private companies.

#### **The Bonus Issue**

The Company is proposing to issue Subscription Shares, by way of a bonus issue, to each Qualifying Shareholder on the basis of one Subscription Share for every seven Qualifying Shares held by such Qualifying Shareholder, subject to the passing of the Resolutions set out in the Notice of General Meeting and satisfaction of the other conditions to implementation of the Proposals. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

A Qualifying Shareholder is: (i) a Shareholder whose name is entered on the Register at the close of business on the Record Date (which is expected to be 6.00 p.m. on 3 December 2010); (ii) a GGO Shareholder who validly elected or is deemed to have elected for New Ordinary Shares under the Scheme; and (iii) a holder of New Ordinary Shares which have been issued pursuant to the exercise of the Manager Warrants.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share on the last Business Day in each of June and December each year between 31 December 2010 and 31 December 2017 (both dates inclusive) (each a "Subscription Date"), after which the rights under the Subscription Shares (the "Subscription Share Rights") will lapse. Each Subscription Share will be capable of conversion into one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Conversion Price as set out below.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company. The terms and conditions of the Subscription Shares are set out in Part IV of the Prospectus.

The Conversion Price will be an amount equal to 110 per cent. of the unaudited NAV per Ordinary Share as at close of business on the Effective Date (following the acquisition of certain of the assets of GGO under the Scheme, completion of the exercise of the Manager Warrants and the issue of the New Ordinary Shares) rounded up to the nearest penny. It is expected that an announcement setting out the Conversion Price will be made on 13 December 2010.

The Conversion Price is subject to adjustment upon the occurrence of certain corporate events by or affecting the Company before 31 December 2017. The relevant corporate events include consolidations or sub-divisions of the Company's share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares or both.

The Board believes that the Bonus Issue of Subscription Shares will have the following advantages:

- Qualifying Shareholders will receive readily tradable securities with financial value which they may convert into Ordinary Shares in order to benefit from the Company's future growth or realise for cash;
- Qualifying Shareholders will receive securities which are qualifying investments for the purposes of the stocks and shares component of an ISA and permitted investments for the purposes of a SIPP;
- on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares and hence the total expense ratio to fall; and
- following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for the Ordinary Shares.

#### **Admission and dealings**

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and for the Subscription Shares to be admitted to the standard segment of the Official List. Applications have also been made to the London Stock Exchange for the New Ordinary Shares and Subscription Shares to be admitted to trading on the Main Market. If the Proposals become effective, it is expected that the New Ordinary Shares and Subscription Shares will be admitted to the Official List on, and the first day of dealings in such shares on the Main Market will be, 13 December 2010.

#### **Exercise of Manager Warrants**

To incentivise the Investment Manager, Manager Warrants were issued to persons connected to the Investment Manager in three tranches between 2003 and 2006. Partners of the Investment Manager (including the fund managers with principal responsibility for the Company's investment portfolio), members of their families and a former employee of the Investment Manager currently hold 6,533,982 Manager Warrants. Each Manager Warrant entitles the holder to subscribe for an Ordinary Share on the last Business Day of March and September each year up to and including September 2013 (at various subscription prices representing the net asset value of an Ordinary Share at the time of the approval by Shareholders of the grant of the relevant Manager Warrants).

To help fund elections for the Cash Option, it is proposed that the Manager Warrants be exercised upon the GGO Scheme becoming effective. The holders of the Manager Warrants have irrevocably undertaken to exercise their Manager Warrants. The terms of the Manager Warrants require to be amended to allow their exercise other than on their normal exercise dates. No other amendments are to be made to the terms of the Manager Warrants. These changes to the terms of the Manager Warrants are conditional upon the GGO Scheme becoming effective and the passing of the Resolutions.

Following the completion of the exercise of the Manager Warrants, 6,533,982 New Ordinary Shares, in aggregate (representing 21.79 per cent. of the current issued share capital of the Company, excluding treasury shares), will be issued to the holders of Manager Warrants. The New Ordinary Shares issued on the exercise of the Manager Warrants will rank equally in all respects with the existing Ordinary Shares in issue (save that they will not qualify for the Interim Dividend) and will be Qualifying Shares participating in the Bonus Issue. The New Ordinary Shares to be issued to holders of the Manager Warrants will represent 13.61 per cent. of the issued share capital of the Enlarged Company (excluding treasury shares and assuming the maximum level of elections for the Cash Option are made and that 11,499,058 New Ordinary Shares are issued to GGO Shareholders electing or deemed to elect for the Rollover Option under the Scheme). The New Ordinary Shares to be issued to holders of Manager Warrants pursuant to their exercise will be Qualifying Shares and will entitle their holders to receive Subscription Shares pursuant to the Bonus Issue. On the assumption that 6,860,606 Subscription Shares are issued pursuant to the Bonus Issue, the Subscription Shares issued to the holders of the Manager Warrants in respect of such exercise would represent approximately 13.61 per cent. of the issued Subscription Shares at Admission.

#### **The New Fee Proposal**

Under the terms of the Management Agreement, the Investment Manager is currently entitled to a basic management fee, payable quarterly in arrears, at the rate of 0.75 per cent. per annum of the market capitalisation of the Company.

As described in the above section entitled “Exercise of Manager Warrants”, it is proposed that all of the Manager Warrants will be exercised, providing approximately £7.9 million of cash which will be used to help fund elections for the Cash Option under the Proposals. The Board believes that, conditional upon the Proposals becoming effective, a performance fee arrangement incorporating a “high water mark” principle should be introduced so as to ensure the continued incentivisation of the Investment Manager following the exercise of all of the Manager Warrants. It is therefore proposed that the investment management fee arrangements with Artemis Investment Management be amended by providing for a performance fee element as described below. The Directors, who have been so advised by Canaccord Genuity, believe that the proposed performance fee arrangements are fair and reasonable so far as Shareholders are concerned.

The terms of the new performance fee are that the Investment Manager will be entitled to receive an amount equal to 15 per cent. of any outperformance by the Company’s share price (on a total return basis) against the FTSE All Share Index (on a total return basis) plus 2 per cent. per annum, measured over a rolling three year period. In view of the Effective Date of the Proposals and the remainder of the period to the Company’s next year end, it is proposed that until the three year rolling period from 1 May 2012 to 30 April 2015, the initial performance periods be set as follows:

- Effective Date to 30 April 2012; followed by
- Effective Date to 30 April 2013; followed by
- Effective Date to 30 April 2014.

The performance fee has a “high water mark” principle such that it will only be payable if the Company’s share price (on a total return basis) ends the relevant measurement period higher than at the start and is higher than the last share price level (on a total return basis) at which a performance fee was last paid. The performance fee payable each year cannot exceed 2.5 per cent. of the Company’s market capitalisation at the end of the measurement period (calculated as the average market capitalisation of the Company over the last 10 Business Days of such period). However, outperformance above the level of this cap is able to be carried forward and given credit in later measurement periods in which positive outperformance has been achieved (subject always to the high water mark and payment cap in such later periods).

The management fee of 0.75 per cent. per annum of the Company’s market capitalisation will remain unchanged as will the notice period of 12 months required to be given by either party in order to terminate the Management Agreement.

#### **Related party transactions**

Both the amendment to the Manager Warrant Agreements and the New Fee Proposal involve the Investment Manager. The Investment Manager is a related party of the Company under the Listing Rules and, accordingly, the amendment to the Manager Warrant Agreements and the New Fee Proposal constitute related party transactions under the Listing Rules which require the approval of Independent Shareholders at the General Meeting. The amendment to the Manager Warrant Agreements and the New Fee Proposal are therefore conditional upon Resolution 2 being passed at the General Meeting.

If Resolution 2 is not passed at the General Meeting, the Manager Warrant Agreements will not be amended, the New Fee Proposal will not come into effect and none of the other elements of the Proposals will be implemented.

Artemis Investment Management and its Associates (as defined in the Listing Rules) are not entitled to vote on Resolution 2. Artemis Investment Management has confirmed that it will not vote on Resolution 2 and it will undertake all reasonable steps to ensure its Associates will not vote on such resolution.

#### **Authority to buy back Ordinary Shares and Subscription Shares**

Shareholder resolutions were passed at the 2010 AGM granting the Company authority to make market purchases of Ordinary Shares representing (subject to certain conditions) up to 14.99 per cent. of the Company’s then issued ordinary share capital. The Company’s authority to repurchase Ordinary Shares is due to expire at the conclusion of the next annual general meeting of the Company to be held in 2011 or, if earlier, on 31 October 2011 unless previously renewed. This authority does not take into account the allotment of New Ordinary Shares pursuant to the GGO Scheme or on the exercise of the Manager Warrants. Accordingly, the Company is proposing to renew this authority to buy back up to 14.99 per cent. of the Ordinary Share capital which will be in issue immediately following Admission. In order to allow the Company to repurchase Subscription Shares, the Company is also seeking authority at the General Meeting to repurchase up to 14.99 per cent. of the issued Subscription Share capital.

Further details of the resolutions required to allow the Company to make market purchases of Ordinary Shares and Subscription Shares (including details of the price which will be paid for such shares and details of the Board’s current intention to use such authorities) are set out in the section entitled “General Meeting” on pages 17 to 19 of this document.

### **Continuation vote**

Under the Articles, the Company is required to propose a continuation vote as an ordinary resolution at its annual general meeting in 2013 and at every fifth annual general meeting of the Company thereafter. If a continuation vote is not passed, the Directors are required to convene a general meeting within 90 days of the relevant annual general meeting of the Company, at which proposals for the winding up or other reconstruction of the Company will be considered by the Company's shareholders.

A continuation vote is due at the annual general meeting of the Company to be held in 2013 when all or some of the Subscription Shares are expected to remain in issue. It is therefore proposed to amend the Articles to require the next continuation vote be held at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights).

### **Adoption of the New Articles**

The Directors are proposing that the Company adopts the New Articles reflecting the changes to the Company's capital structure incorporating the rights of the Subscription Shares as set out in Part IV of the Prospectus. The only other changes to the Company's current Articles of Association are as follows:

- (i) under the New Articles, a continuation vote is to be proposed at the annual general meeting of the Company in 2018 (after the last date for exercise of the Subscription Share Rights) (as described in the section entitled "Continuation vote" above); and
- (ii) under the current Articles of Association, the fees payable to, and benefits in kind received by, the Directors for their services in the office of director shall not exceed in aggregate £150,000 per annum (exclusive of value added tax, if applicable) or such higher amount as the Company may from time to time by ordinary resolution determine. Under the New Articles, this aggregate limit is increased to £200,000 per annum (exclusive of value added tax, if applicable). Although the Company has no current intention to increase the fees and benefits of individual Directors, it is proposed to increase this aggregate limit so as to give the Board flexibility to increase the number of Directors to six following implementation of the Proposals if they believe it is in the best interests of the Company to do so.

### **Costs and expenses of the Proposals**

The aggregate costs and expenses to be incurred by the Company in connection with the Proposals are estimated to be approximately £655,000, excluding VAT and stamp duty (approximately £995,000 including VAT and stamp duty). It is expected that most of such costs and expenses will be offset by the value transfer under the terms of the Scheme (as the entitlements of holders of GGO Shares under the Scheme will be lower than the net asset value of the assets acquired by the Company pursuant to the Scheme). The Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred, or to be incurred, by the Company in connection with the Proposals. The amount of the cost contribution is linked to, and increases proportionately with, the aggregate value of Elections made for the Rollover Option. As a minimum, the Investment Manager will meet any costs and expenses incurred or to be incurred by the Company in connection with the Proposals not offset by the value transfer under the Scheme. If the GGO Scheme does not become effective, the Company will bear abort costs estimated at approximately £110,000 (plus VAT) which will be reimbursed to the Company by the Investment Manager. GGO will meet its own costs associated with the Proposals (including fees payable on the early termination of the management agreement with Gartmore Investment Limited).

### **Overseas Shareholders and Overseas GGO Shareholders**

The New Ordinary Shares to be issued pursuant to the Scheme and the Subscription Shares to be issued pursuant to the Bonus Issue will not be issued to Overseas Shareholders or Overseas GGO Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Overseas Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the relevant investors entitled to them save that entitlements of less than £5 per investor will be retained by the Company for its own account.

Investors who are resident in, or citizens or nationals of, a jurisdiction outside the EEA States, the Channel Islands and the Isle of Man are responsible for informing themselves about and observing any legal requirements of that jurisdiction.

Notwithstanding any other provision of this document or the Prospectus, the Company reserves the right to permit any Overseas Shareholder or any Overseas GGO Shareholder to take up New Ordinary Shares or Subscription Shares if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to, onerous overseas security or other legislation or regulations.

## Taxation

The attention of Shareholders is drawn to the summary of United Kingdom tax matters set out in paragraph 10 of Part VI of the Prospectus.

Shareholders should note that Subscription Shares are qualifying investments for the stocks and shares component of an ISA, but that exercise of Subscription Share Rights may affect the annual subscription limit available for further investment into an ISA in the relevant year.

Shareholders should seek tax advice from their own professional adviser about the taxation consequences of acquiring, holding or disposing of Subscription Shares or of exercising their Subscription Share Rights.

## General Meeting

The Company's participation in the GGO Scheme and the Proposals are conditional upon, *inter alia*, the approval of Shareholders. The General Meeting has been convened to seek the necessary Shareholder approvals. You will find set out at the end of this document a notice convening the General Meeting which will be held at 9.00 a.m. on 7 December 2010 at the offices of Artemis Investment Management LLP, 42 Melville Street, Edinburgh EH3 7HA.

Two Resolutions will be proposed at the General Meeting.

### *(i) Resolution 1*

Resolution 1 to be proposed at the General Meeting will be proposed as a special resolution. This means that in order for Resolution 1 to be passed, at least 75 per cent. of votes cast on the resolution must be in favour. Resolution 1 seeks the approvals from Shareholders set out below.

Resolution 1 is subject to, and conditional upon, the Scheme becoming unconditional in all respects (other than regards any condition that Resolution 1 is passed) and the passing of Resolution 2. Shareholders are being asked to approve the following matters:

### *Authority to allot Ordinary Shares*

Shareholders are being asked to authorise the Directors to allot:

- up to 23,466,018 Ordinary Shares, having an aggregate nominal value of approximately £234,660, which represents 78.24 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at the date of this document, in connection with the GGO Scheme;
- up to 6,533,982 Ordinary Shares, having an aggregate nominal value of approximately £65,340, which represents 21.79 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at the date of this document, to the holders of the Manager Warrants on completion of their exercise; and
- in addition to those authorities set out in the immediately preceding paragraphs, Ordinary Shares with a maximum nominal amount of £60,000 or, if less, 10 per cent. of the total ordinary share capital in issue immediately following Admission becoming effective.

If granted, this authority will lapse at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier.

The Directors do not intend currently to use the general authority to allot additional Ordinary Shares which is being sought at the present time but consider that it provides flexibility to issue Ordinary Shares in the future.

### *The Bonus Issue*

Authority is being sought to capitalise any part of the amount standing to the credit of any of the share premium account or the capital redemption reserve or any other reserve (other than the profit and loss account) otherwise available for the purposes of paying up in full at par, up to 10 million Subscription Shares to be issued pursuant to the Bonus Issue to Qualifying Shareholders in the proportion of one new Subscription Share for each seven Qualifying Shares held.

Authority is also being sought to allow the Directors to consolidate, sub-divide or redeem any share capital required in their opinion to give effect to the rights attached to the Subscription Shares.

Finally, Shareholders are also being asked to authorise the Directors to allot up to 10 million Subscription Shares, having an aggregate nominal value of £100,000 (and up to 10 million Ordinary Shares, having an aggregate nominal value of £100,000, in connection with the exercise of Subscription Share Rights). If granted, the authority to allot such Subscription Shares and/or Ordinary Shares will lapse at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier.

#### *Disapplication of pre-emption rights*

The Directors are seeking the authority of Shareholders:

- to allot up to 6,533,982 Ordinary Shares, having an aggregate nominal value of approximately £65,340, to the holders of the Manager Warrants on their exercise;
- to allot up to 10 million Subscription Shares, having an aggregate nominal value of £100,000, pursuant to the Bonus Issue and up to 10 million Ordinary Shares having an aggregate nominal value of £100,000 pursuant to the exercise of the Subscription Share Rights;
- to allot, in addition to those authorities described above, up to a maximum nominal amount of £60,000 or, if less 10 per cent. of the total ordinary share capital in issue immediately following Admission becoming effective; and
- to resell any Ordinary Shares held by the Company in treasury,

for cash without first offering such Ordinary Shares and/or Subscription Shares to Shareholders *pro rata* to their existing holdings of Ordinary Shares and/or Subscription Shares. If granted, this authority to allot or sell from treasury such Ordinary Shares and/or allot such Subscription Shares will lapse at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier.

#### *Authority to buy back Ordinary Shares and Subscription Shares*

Shareholders are being requested to grant authority to the Board to allow the Company to repurchase up to 14.99 per cent. of the Ordinary Share capital in issue immediately following Admission. The Directors will only utilise this authority where it is considered to be in Shareholders' best interests. Any Ordinary Shares which are bought back will either be cancelled or held in treasury for re-issue or resale. Any such shares which have been held in treasury for more than twelve months from the date of acquisition will be cancelled.

As at the date of this document, there are Manager Warrants to subscribe for 6,533,982 Ordinary Shares outstanding representing 21.79 per cent. of the issued share capital of the Company (excluding treasury shares). If the Proposals are implemented all of the Manager Warrants will be exercised and there will be no outstanding warrants or options.

Shareholders are also being requested to grant authority to the Board to allow the Company to repurchase up to 14.99 per cent. of the Subscription Share capital in issue immediately following Admission. Repurchases of Subscription Shares will be made at the discretion of the Board and will only be made when market conditions are considered by the Board to be appropriate. Any Subscription Shares repurchased will be cancelled and shall not be held in treasury for re-issue or resale. The ability to repurchase Subscription Shares will allow the Board to manage the dilutive effect of Subscription Shares when there is no demand for them through the market.

The making and timing of any share buy backs will be at the absolute discretion of the Board and will be subject to the requirements of the 2006 Act and in accordance with the Listing Rules.

The maximum price which may be paid for purchases of Ordinary Shares and Subscription Shares (as applicable) through the market will not exceed the higher of (i) five per cent. above the average of the middle market quotations (as derived from the Official List) for the relevant shares for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Ordinary Shares or Subscription Shares, as applicable, on the trading venue where the purchase is carried out. In addition, repurchases of Ordinary Shares will only be made in the market at prices below the prevailing diluted NAV per Ordinary Share.

It is anticipated that authorisation for repurchases of both Ordinary Shares and Subscription Shares will be sought at the annual general meeting of the Company in 2011 and beyond.

Ordinary Shares repurchased might not be cancelled but rather held as treasury shares and may be subsequently resold. Purchases of Ordinary Shares to be held in treasury will be made in accordance with the Listing Rules and the Companies (Acquisitions of Own Shares) (Treasury Shares) Regulations 2003 (as amended).

#### *Reduction of share premium account*

At the 2010 AGM, Shareholders approved the cancellation of the Company's share premium account (subject to the consent of the High Court). Pending the proposed implementation of the Proposals, the Directors have not yet made an application to the High Court to confirm that cancellation. Following the issue of the New Ordinary Shares pursuant to the Proposals, the amount standing to the credit of the Company's share premium account will have increased. Accordingly, the Company is proposing a resolution to cancel its entire share premium account (immediately following Admission) in order to create a new special reserve which may be treated as a distributable reserve for all purposes permitted by the 2006 Act, including financing share buy backs.

The cancellation of the share premium account is conditional upon the consent of the High Court.

*(ii) Resolution 2*

Resolution 2 to be proposed at the General Meeting will be proposed as an ordinary resolution. Resolution 2 concerns two related party transactions. Details of the Shareholders who are entitled to vote on Resolution 2 are set out in the section entitled "Related party transactions" on page 15 of this document. For Resolution 2 to be passed, more than 50 per cent. of votes cast by Independent Shareholders on the resolution must be in favour.

Resolution 2 is subject to, and conditional upon, the Scheme becoming unconditional in all respects (other than regards any condition that Resolution 2 is passed) and the passing of Resolution 1. If Resolution 2 is not passed, the conditions set out in the Manager Warrant Deed Polls will not be met and, as a result, the amendments to the Manager Warrant Agreements will not take effect. Accordingly, the Manager Warrants will not be exercised. In addition, the new investment management fee arrangement and the GGO Scheme will not come into effect. Resolution 2 seeks the following approvals from Shareholders:

- approval is sought for the amendments being made to the investment management fee arrangements set out in the section entitled "The New Fee Proposal" on pages 14 and 15 of this document; and
- approval is also being sought for the amendments which are proposed to be made to each of the Management Warrant Agreements as set out in Part III of this document.

**Action to be taken**

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting.

Whether or not you propose to attend the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it. In order to be valid, the Form of Proxy must be completed and returned to the Company's registrar, Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received no later than 48 hours (excluding non-working days) before the time of the General Meeting. The return of a completed Form of Proxy will not preclude you from attending and voting at the General Meeting in person.

**Interim Dividend**

The Company has declared an Interim Dividend in respect of the six month period ended 31 October 2010 of 1.2p per share which will be paid on 4 February 2011. This dividend will be paid to Ordinary Shareholders on the Register on 26 November 2010 and the holders of New Ordinary Shares will not qualify to receive this dividend in respect of their New Ordinary Shares. The New Ordinary Shares will otherwise rank equally in all respects with the existing Ordinary Shares, including as to future dividends, and the holders of the New Ordinary Shares will be entitled to participate in the Bonus Issue of Subscription Shares.

**Further information**

You are encouraged to read the further information set out in Parts II, III and IV of this document and the accompanying Prospectus relating to the Company.

**Recommendation**

The Board, which has been so advised by Canaccord Genuity, considers the New Fee Proposal and the amendments to the Manager Warrant Agreements to be fair and reasonable and in the best interests of the Shareholders as a whole. In providing advice to the Board in relation to the New Fee Proposal and the amendments to the Manager Warrant Agreements, Canaccord Genuity has taken into account the Board's commercial assessment.

The Board considers the Resolutions to be proposed at the General Meeting to be in the best interests of Shareholders as a whole and accordingly unanimously recommends Shareholders to vote in favour of the Resolutions which the Directors intend to do in respect of their own beneficial holdings which amount in aggregate to 177,321 Ordinary Shares (representing approximately 0.59 per cent. of the Company's issued Ordinary Shares (excluding treasury shares)).

Artemis Investment Management and its Associates (as defined in the Listing Rules) are not entitled to vote on Resolution 2. Artemis Investment Management has confirmed that it will not vote on Resolution 2 and will undertake all reasonable steps to ensure that its Associates will not vote on such resolution.

Yours faithfully,

Simon Miller  
*Chairman*

## PART II – INFORMATION ON GARTMORE GROWTH OPPORTUNITIES PLC

GGO is an investment trust managed by Gartmore Investment Limited which invests primarily in the shares of quoted UK smaller companies. Pursuant to the Proposals, the Company will acquire substantially all of GGO's assets (apart from those retained in the Liquidation Fund).

As at 9 November 2010 (being the latest practicable date prior to the publication of this document), GGO had unaudited total assets of £55.1 million. Of those assets, 86.7 per cent. were invested in quoted securities, 0.4 per cent. were invested in unquoted securities and the balance was held in cash and near-cash assets.

The following table shows the composition by size of investment of GGO's portfolio as at 9 November 2010:

<i>Investee company</i>	<i>Sector classification</i>	<i>Valuation</i> £'000	<i>Percentage of</i> <i>portfolio</i>
Nestor Healthcare	Health care equipment & services	1,997	4.2
Management Consulting Group	Support services	1,422	3.0
Penna Consulting	Support services	1,301	2.7
Pace	Technology hardware & equipment	1,076	2.2
Juridica Investments	Financial services	1,065	2.2
BATM Advanced Communications	Technology hardware & equipment	947	2.0
Iomart Group	Software & computer services	873	1.8
MWB 9.75% 9/12	Corporate bonds	865	1.8
Sandvine	Technology hardware & equipment	836	1.7
Nanoco Group	Technology hardware & equipment	730	1.5
<b>Top ten investments</b>		<b>11,112</b>	<b>23.1</b>
AssetCo	Support services	721	1.5
Acal	Support services	659	1.4
Renovo Group	Pharmaceuticals & biotech.	603	1.3
KBC Advanced Technologies	Oil equipment & services	593	1.2
Renold	Industrial engineering	587	1.2
Elementis	Chemicals	575	1.2
Cathay International	Real estate & investment services	574	1.2
MBL Group	Media	567	1.2
Menzies (John)	Support services	545	1.1
Stadium Group	Electronic & electrical equipment	539	1.1
<b>Top twenty investments</b>		<b>17,075</b>	<b>35.5</b>
AEA Technology	Support services	529	1.1
McBride	Household goods	525	1.1
Innovation Group	Software & computer services	517	1.1
Communisis	Support services	511	1.1
Brammer	Support services	510	1.1
Oakley Capital Investments	Financial services	502	1.0
Northgate	Support services	495	1.0
MDM Engineering Group	Industrial engineering	487	1.0
Yule Catto	Chemicals	473	1.0
Hargreaves Services	Support services	473	1.0
<b>Top thirty investments</b>		<b>22,097</b>	<b>46.0</b>
<b>Other investments</b>		<b>25,870</b>	<b>53.9</b>
<b>Total Portfolio</b>		<b>47,967</b>	<b>99.9</b>

The following table shows the composition by sector of GGO's portfolio as at 9 November 2010 and a comparison against the FTSE Small Cap Index (ex IC):

Sector	GGO portfolio*	FTSE small cap (ex IC)
	%	%
Alternative producers	1.37	0.44
Oil & gas producers	0.94	1.68
Oil equipment & services	2.25	0.00
<b>Oil &amp; gas</b>	<b>4.56</b>	<b>2.12</b>
Chemicals	3.81	0.54
Forestry & paper	1.04	0.00
Industrial metals	0.00	0.50
Mining	1.29	3.18
<b>Basic materials</b>	<b>6.14</b>	<b>4.22</b>
Aerospace & defence	0.00	1.19
Construction & materials	1.16	4.24
Electronic & electrical equipment	2.05	4.68
General industrials	1.51	1.48
Industrial engineering	5.12	2.90
Industrial transportation	0.53	3.74
Support services	21.12	15.61
<b>Industrials</b>	<b>31.49</b>	<b>33.84</b>
Automobiles & parts	0.00	0.00
Beverages	0.00	0.00
Food producers	0.89	2.41
Household goods	1.88	1.30
Leisure goods	1.26	1.01
Personal goods	0.00	0.00
Tobacco	0.00	0.00
<b>Consumer goods</b>	<b>4.03</b>	<b>4.72</b>
Health care equipment & services	5.38	1.03
Pharmaceuticals & biotech.	3.81	3.60
<b>Health care</b>	<b>9.19</b>	<b>4.63</b>
Food & drug retailers	0.12	0.82
General retailers	1.18	5.07
Media	4.35	6.20
Travel & leisure	2.56	3.49
<b>Consumer services</b>	<b>8.21</b>	<b>15.58</b>
Fixed line telecommunications	0.00	1.80
Mobile telecommunications	0.00	0.00
<b>Telecommunications</b>	<b>0.00</b>	<b>1.80</b>
Electricity	1.72	0.00
Gas, water & multi-utilities	0.00	0.00
<b>Utilities</b>	<b>1.72</b>	<b>0.00</b>

	<i>GGO portfolio*</i>	<i>FTSE small cap (ex IC)</i>
<i>Sector</i>	<i>%</i>	<i>%</i>
Banks	0.00	0.00
Equity investment instruments	0.19	2.44
General financial	10.63	6.48
Life insurance	0.00	1.36
Non-life insurance	2.03	2.81
Real estate & invest svcs	3.06	6.98
Real estate investment trusts	0.00	4.74
<b>Financials</b>	<b>15.91</b>	<b>24.81</b>
Software & computer services	8.26	5.88
Technology hardware & equipment	10.49	2.40
<b>Technology</b>	<b>18.75</b>	<b>8.28</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

\*Excludes fixed income

**Note:**

The information in relation to GGO's portfolio in this Part II has been provided to the Company by GGO and has not been audited or reported on by an accountant.

## **PART III – AMENDMENT AND EXERCISE OF MANAGER WARRANTS AND PROPOSED AMENDMENTS TO THE COMPANY’S INVESTMENT MANAGEMENT FEE ARRANGEMENTS**

### **1. Manager Warrants**

Partners of the Investment Manager (including the fund managers with principal responsibility for the Company’s investment portfolio), members of their families and a former employee of the Investment Manager currently hold 6,533,982 Manager Warrants.

The Manager Warrants were issued in three tranches as follows:

- 2,609,939 Manager Warrants were issued in 2003 at a price of 14.0736p per warrant. These Manager Warrants entitle the holders to subscribe for Ordinary Shares at an exercise price of 87.96p per Ordinary Share. The terms of these Manager Warrants are governed by a manager warrant agreement entered into between the Company and Artemis Investment Management Limited (now known as Artemis Strategic Asset Management Limited) on 2 September 2003 (the “First Manager Warrant Agreement”).
- 3,508,750 Manager Warrants were issued in 2004 at a price of 20.9104p per warrant. These Manager Warrants entitle the holders to subscribe for Ordinary Shares at an exercise price of 130.69p per Ordinary Share. The terms of these Manager Warrants are governed by a manager warrant agreement entered into between the Company and Artemis Investment Management Limited (now known as Artemis Strategic Asset Management Limited) on 7 September 2004 (the “Second Manager Warrant Agreement”).
- 553,008 Manager Warrants were issued in 2006 at a price of 35.8016p per warrant. These Manager Warrants entitle the holders to subscribe for Ordinary Shares at an exercise price of 223.76p per Ordinary Share. The terms of these Manager Warrants are governed by a manager warrant agreement entered into between the Company and Artemis Investment Management Limited (now known as Artemis Strategic Asset Management Limited) on 8 February 2006 (the “Third Manager Warrant Agreement”).

The rights, duties and obligations of Artemis Strategic Asset Management Limited under each of the Manager Warrant Agreements have been novated to Artemis Investment Management LLP with effect from 1 October 2010.

Other than as set out above, there are no material differences in the terms of the First Manager Warrant Agreement, the Second Manager Warrant Agreement and the Third Manager Warrant Agreement. The Manager Warrants are exercisable currently on the last Business Day of March and September each year up to September 2013. To the extent the Manager Warrants have not been exercised on or by the last Business Day in September 2013, the Manager Warrants will lapse.

As at the date of this document, 137,715 Manager Warrants have been exercised and 6,533,982 are outstanding.

As described in the section entitled “Funding the Cash Option” on pages 12 and 13 of this document, in order to fund the Cash Option under the Proposals, it is proposed that all of the outstanding Manager Warrants be exercised.

### **2. Amendment of the Manager Warrant Agreements**

In order to allow the exercise of all of the outstanding Manager Warrants on the Effective Date, the terms of the Manager Warrant Agreements require to be amended.

Following the passing of an extraordinary resolution of the Manager Warrant Holders, the Company has executed Manager Warrant Deed Polls pursuant to which, and conditional on the GGO Scheme becoming effective and the passing of Resolution 2 at the General Meeting, the terms of each of the Manager Warrant Agreements will be amended:

- to allow for the conditional exercise of the Manager Warrants;
- to allow for notice of exercise to be given by Manager Warrant Holder less than seven days before the proposed exercise date – longer notice is currently required; and
- to provide that any Manager Warrants held by a holder who does not exercise his Manager Warrants on, or with effect from, the Effective Date, will lapse.

Each Manager Warrant Deed Poll is in materially similar terms. In the event the conditions set out in each Manager Warrant Deed Poll are not met, no amendments will be made to the respective Manager Warrant Agreement.

### **3. Issue of New Ordinary Shares pursuant to the exercise of the Manager Warrants**

Conditional on the fulfilment of the conditions set out in the Manager Warrant Deed Polls, the Manager Warrant Holders have each irrevocably agreed to exercise all of the Manager Warrants held by them.

On the conditions to the exercise of the Manager Warrants being fulfilled, the Manager Warrant Holders will be allotted and issued 6,533,982 New Ordinary Shares in aggregate. The New Ordinary Shares issued on the exercise of the Manager Warrants will rank equally in all respects with the existing Ordinary Shares in issue (with holders of New Ordinary Shares entitled to participate in the Bonus Issue of Subscription Shares) save that such New Ordinary Shares will not be entitled to receive the Interim Dividend.

### **4. Background to and reasons for the New Fee Proposal**

Under the terms of the Management Agreement, the Investment Manager is currently entitled to a basic management fee of 0.75 per cent. per annum of the market capitalisation of the Company.

As explained above, it is proposed that all of the Manager Warrants will now be exercised, providing approximately £7.9 million of cash which will be used to help fund elections for the Cash Option under the Proposals. The Board believes that, conditional upon the Proposals becoming effective, a performance fee arrangement incorporating a “high water mark” principle should be introduced so as to ensure the continued incentivisation of the Investment Manager following the exercise of all of the Manager Warrants. It is therefore proposed that the investment management fee arrangements with Artemis Investment Management be amended by providing for a performance fee element as described in Part I of this document.

The Board believes that incentivisation is an important part of management arrangements and, structured correctly, aligns the interests of shareholders with those of managers. Following the GGO Scheme becoming effective and the transfer of the assets of GGO to the Company, the Company’s assets will increase significantly in value and the Board believes it is important that the Manager continues to be incentivised to outperform the wider market (as measured against an appropriate benchmark) in return for a monetary reward.

The Board has selected the FTSE All Share Index as an appropriate benchmark for the performance fee element of the investment management fee arrangements. The Company does not currently have a performance fee element to its investment management fee arrangements although it does measure its performance against the wider market by reference to the FTSE All Share Index.

The Board believes that the performance fee will reward the Manager for material outperformance of the Company’s benchmark index in circumstances where Shareholders see the value of their investment increase. In addition the performance fee has been designed to ensure that the Manager cannot be rewarded twice for delivering the same performance.

The revised fee arrangements, subject to the passing of Resolution 2 at the General Meeting and the GGO Scheme becoming effective, will take effect from the Effective Date. The Investment Manager has confirmed its agreement to the New Fee Proposal.

## PART IV – ADDITIONAL INFORMATION

### 1. Further details of the Scheme

#### Overview

Under the GGO Scheme, GGO will be put into members' voluntary liquidation and GGO Shareholders may:

- elect to receive New Ordinary Shares to be issued by the Company (the "Rollover Option");
- elect to receive a cash exit in respect of their investment in GGO (the "Cash Option") subject to scaling back (as described in the section entitled "The Cash Option" on page 12 of this document); or
- elect for a combination of the above options in whatever proportions suits each GGO Shareholder's personal investment requirements.

GGO Shareholders will be entitled to receive New Ordinary Shares and/or cash in respect of their investment in the Company, subject to such elections or deemed elections for the Cash Option not exceeding 30 per cent. of GGO's total issued shares as at the Entitlement Date.

GGO Shareholders who do not make a valid election under the Scheme will be deemed to have elected to roll-over their investment into the Company in exchange for the issue of New Ordinary Shares (which will qualify to receive Subscription Shares under the Bonus Issue), other than Overseas GGO Shareholders and participants in the Gartmore ISAit Savings Scheme who shall be deemed to have elected for the Cash Option. Elections for the Cash Option by Overseas GGO Shareholders will not be subject to scaling back.

### 2. Conditions to the Proposals

The Proposals are conditional upon:

- (i) passing of the resolutions to approve the GGO Scheme at the class meeting of GGO Shareholders and the general meetings of GGO Shareholders and the GGO Scheme becoming unconditional;
- (ii) passing of the Resolutions, which includes the approval of the issue of the New Ordinary Shares and the Subscription Shares, at the General Meeting which has been convened for 7 December 2010;
- (iii) admission of the New Ordinary Shares to the Official List with a Premium Listing and the Main Market of the London Stock Exchange, subject only in to the allotment of such shares; and
- (iv) admission of the Subscription Shares to the Official List with a Standard Listing and the Main Market of the London Stock Exchange, subject only to the allotment of such shares.

If any of these conditions is not satisfied by 31 January 2011 no part of the Proposals will become effective and no New Ordinary Shares or Subscription Shares will be issued.

### 3. Substantial share interests

As at the close of business on 9 November 2010, the following persons were known to be directly or indirectly interested in 3 per cent. or more of the Company's issued share capital:

Name of Shareholder	No. of Ordinary Shares	Percentage of Ordinary Shares in issue with voting rights	Number of Ordinary Shares issuable pursuant to exercise of Manager Warrants
Rathbone Investment Management	1,945,698	6.49%	0
Murray Asset Management	1,594,354	5.32%	0
Rensburg Sheppards Investment Management	1,556,968	5.19%	0
Troy Asset Management	1,545,504	5.15%	0
Brewin Dolphin Limited	1,496,606	4.99%	0
Legal & General Investment Management Limited	1,187,507	3.96%	0
Charles Stanley	1,021,179	3.40%	0
John Dodd	1,017,812	3.39%	1,493,143

As at close of business on 9 November 2010, the Directors were not aware of any person or persons who will or could, directly or indirectly, jointly or severally, exercise control over the Company.

None of the Company's Shareholders have different voting rights.

#### 4. Dealings and settlement

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List with a Premium Listing and for the Subscription Shares to be admitted to the Official List with a Standard Listing. Application has also been made to the London Stock Exchange for the New Ordinary Shares and the Subscription Shares to be admitted to trading on the Main Market. If the Proposals become effective, it is expected that the New Ordinary Shares and the Subscription Shares will be allotted and issued on 10 December 2010, credited as fully paid, conditional only upon admission of such Shares to the relevant segment of the Official List on 13 December 2010. Following the allotment and issue of such Shares, it is expected that the first day of dealings in such shares on the London Stock Exchange's Main Market will be 13 December 2010.

The New Ordinary Shares and the Subscription Shares will be issued in registered form and may be held in either certificated or uncertificated form.

Those GGO Shareholders and Shareholders who hold their GGO Shares or Ordinary Shares, as applicable, in certificated form will receive their New Ordinary Shares under the GGO Scheme and their Subscription Shares pursuant to the Bonus Issue in certificated form. It is expected that certificates in respect of such New Ordinary Shares and Subscription Shares will be despatched in the week commencing 20 December 2010. No temporary documents of title will be despatched in respect of New Ordinary Shares and Subscription Shares to be issued in certificated form and, pending the despatch of definitive share certificates, transfers will be certified against the Register.

GGO Shareholders and Shareholders who hold their GGO Shares or Ordinary Shares respectively in uncertificated form will receive their New Ordinary Shares under the GGO Scheme and their Subscription Shares pursuant to the Bonus Issue in uncertificated form. Notwithstanding the foregoing, however, the Company reserves the right to issue such shares in certificated form. The Company is only likely to exercise such right in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Company's registrar in connection with CREST. The Company will procure that Euroclear UK & Ireland Limited is instructed, on the date on which the Admission of the New Ordinary Shares and Subscription Shares to the relevant segment of the Official List becomes effective, to credit the appropriate accounts in CREST with the respective entitlements to New Ordinary Shares and Subscription Shares in uncertificated form.

The ISIN (International Securities Identification Number) code of the New Ordinary Shares and the Subscription Shares will be GB0004355946 and GB00B5SLGR82 respectively.

#### 5. Fractional entitlements

Fractional entitlements to New Ordinary Shares and to Subscription Shares will not be issued pursuant to the Proposals and entitlements will be rounded down to the nearest whole number.

#### 6. Taxation

The information set out below relates to certain aspects of the UK taxation treatment applicable to the Company. The information is based on current legislation and HMRC practice, which may change. **The information is given by way of general summary only and does not constitute legal or tax advice to any Shareholder.**

The Directors have to date conducted the affairs of the Company so as to allow it to seek approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (which has replaced section 842 of the Income and Corporation Taxes Act 1988) each year. The Company directed its affairs so as to comply with the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 in the accounting period ended 30 April 2010 and the Company has continued to do so since that date. On this basis, under current legislation, the Company will be exempt from UK corporation tax on chargeable gains realised during each accounting period for which approval as an investment trust is obtained. The Company will, however, be liable to UK corporation tax on its income (excluding dividends received from UK and most overseas companies) after relief for all available expenses of management.

The Board has been advised that implementation of the Proposals will not prejudice or otherwise affect the ability of the Company to comply with the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 (or section 842 of the Income and Corporation Taxes Act 1988 as the case may be) in any of the Company's accounting periods.

The attention of Shareholders is also drawn to the summary of United Kingdom taxation set out in Part VI of the Prospectus.

#### 7. Material contracts

Save as disclosed in this paragraph 7, neither the Company nor any member of the Group has entered, other than in the ordinary course of business, into (a) any contract which is or may be material to the Group within the two

years immediately preceding the publication of this document or (b) any contract containing provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

(i) By a Management Agreement dated 3 June 2003 between the Company and Artemis Strategic Asset Management Limited (and novated from Artemis Strategic Asset Management Limited to the Investment Manager with effect from 1 October 2010), the Investment Manager has agreed to act as investment manager to the Company for a management fee.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive an investment management fee at the rate of 0.75 per cent. per annum of the market capitalisation of the Company payable quarterly in arrears.

The Management Agreement will continue unless and until terminated by either party giving to the other not less than twelve months' written notice. In the event of the Company terminating the Management Agreement by giving less than twelve months' notice, the Investment Manager is entitled to an amount in respect of the unexpired notice period equivalent to 0.75 per cent. per annum of the market capitalisation of the Company on the date of termination. The Management Agreement can, in addition, be terminated forthwith by either party where, *inter alia*, the other has committed a material breach of the Management Agreement which has not been remedied (if capable of remedy) within 30 days of notification of such breach; if certain insolvency events occur in relation to the other party; or the Investment Manager ceases to be authorised by the Financial Services Authority and so is not able to discharge its functions lawfully. In the event of such termination, the Manager shall be entitled to receive all fees and other monies accrued due up to the date of such termination.

The Investment Manager also provides secretarial and administrative services to the Company.

(ii) By a supplemental investment management agreement entered into between the Company and the Investment Manager on 11 November 2010, subject to and with effect from the implementation of the Proposals, the Management Agreement will be amended to provide for a performance fee to be calculated to the Investment Manager on 30 April each year commencing on 30 April 2012 and as described in the section entitled "The New Fee Proposal" in Part I of this document.

(iii) By an agreement dated 11 November 2010, the Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred, or to be incurred by the Company in connection with the Proposals. The amount of the cost contribution is linked to, and increased proportionately with, the aggregate value of Elections made for the Rollover Option. As a minimum, the Investment Manager will meet any costs and expenses incurred or to be incurred by the Company in connection with the Proposals not offset by the value transfer under the Scheme.

(iv) By a letter of undertaking dated 11 November 2010 from the Company to GGO, the Company has irrevocably undertaken, in connection with the GGO Scheme, to enter into an agreement (the "Transfer Agreement") between the Company, the GGO Liquidators (in their personal capacity and on behalf of GGO) and Gartmore Investment Limited on the Effective Date or as soon as is practicable thereafter, pursuant to which part of the undertaking and assets of GGO will be transferred to the Company in consideration for the issue of New Ordinary Shares to the GGO Shareholders (other than the Company if it holds GGO Shares) who elect or are deemed to have elected to roll-over their investment into New Ordinary Shares and a payment in cash to GGO (or such persons as the GGO Liquidators may direct). Each of the parties to the Transfer Agreement has undertaken to use its or his respective reasonable endeavours to implement the GGO Scheme, provided that the conditions to the Transfer Agreement have been fulfilled.

(v) By an agreement between the Company and the Custodian dated 30 June 2010, the Custodian was appointed to provide custodian, settlement and other associated services to the Company. The Custodian charges fees on a basis agreed with the Company from time to time. The agreement may only be terminated by the Company on giving the Custodian 30 days' written notice; or by the Custodian giving the Company 180 days' written notice, or with immediate effect, by one party where the other has acted negligently, fraudulently or is in default in carrying out its obligations under the agreement or an insolvency event has occurred in respect of that party. By an agreement between the Company and HSBC Bank plc ("HSBC") dated 6 March 2006, HSBC previously acted as the Company's custodian. Following the appointment of the Custodian, most of the Company's assets have been transferred by HSBC to the Custodian. However, HSBC continues to act as custodian in respect of a small number of assets on behalf of the Company (principally unquoted investments or those with restrictions on transfer).

(vi) By an agreement between the Company and The Royal Bank of Scotland plc dated 15 and 23 December 2009 (as amended). The Royal Bank of Scotland plc provides an £11.5 million committed multi-currency revolving credit facility expiring on 30 November 2011. Interest is charged at a rate equal to 2.5 per cent.

above the British Bankers' Association Interest Settlement Rate as agreed at the time of draw down and is payable at the maturity date of each advance.

- (vii) By a commitment letter from RBS to the Company dated 11 November 2010, RBS has offered, subject to the terms and conditions of the commitment letter including the entering into of a facility agreement and related documentation in a form and substance satisfactory to RBS, to provide a £15 million multi currency revolving credit facility to the Company. The facility would be available for a period of one year following the entering into of the facility agreement. It is intended that this facility agreement will be entered into prior to the Effective Date. The facility would be used to fund in part elections for the Cash Option and otherwise in accordance with the investment policy of the Company from time to time. Interest would be charged at a rate which is the aggregate of a margin of 1.55 per cent. per annum, LIBOR and mandatory costs. An arrangement fee of 0.6 per cent. of the amount of the facility is payable on the Effective Date.
- (viii) By an agreement between the Company and JPMorgan Chase Bank dated 2 November 2010, JPMorgan Chase Bank also provides an overdraft facility of £2.5 million to the Company.
- (ix) By agreements between the Company and the Investment Manager dated 2 September 2003, 7 September 2004 and 8 February 2006 the Company agreed to issue warrants to subscribe for Ordinary Shares to the Investment Manager (or its nominees). Partners of the Investment Manager (including the fund managers with principal responsibility for the Company's investment portfolio), members of their families and a former employee of the Investment Manager currently hold Manager Warrants to subscribe in aggregate for 6,533,982 Ordinary Shares. The terms of the Manager Warrant set out the price at which, and the terms on which, the holders of Manager Warrants can subscribe for such Ordinary Shares. Pursuant to deed polls dated 11 November 2010, the terms of the Manager Warrants have been amended, conditional upon the GGO Scheme becoming effective and the passing of the Resolutions, to allow all of the 6,533,982 outstanding Manager Warrants to be exercised conditional upon the implementation of the Proposals, raising subscription proceeds of approximately £7.9 million. Further details of the Manager Warrants are set out in the section entitled "Exercise of Manager Warrants" in Part III of this document.

## **8. Related party transactions**

Save as disclosed below, the Group was not a party to, nor had any interest in, any related party transactions (as defined in the standards adopted according to the Regulations (EC) No. 1606/2002) at any time during the three financial years ended 30 April 2010 in respect of which the Company has published statutory accounts or during the period from 30 April 2010 to the date of this document:

- (i) the Company is a party to the Management Agreement;
- (ii) a supplemental investment management agreement was entered into between the Company and the Investment Manager on 11 November 2010 (further details of which are set out in paragraph 7(ii) of this Part IV);
- (iii) the Company is party to the Manager Warrant Agreements and the Manager Warrant Agreement Deed Polls; and
- (iv) by an agreement dated 11 November 2010, the Investment Manager has agreed to make a cost contribution towards the costs and expenses incurred or to be incurred by the Company in connection with the Proposals.

## **9. Significant change**

Since 30 April 2010 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Group.

## **10. Miscellaneous**

- (i) Canaccord Genuity has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they are included.
- (ii) As at the date of this document the Company held 551,500 Shares in treasury, representing approximately 1.84 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares) as at that date.

## **11. Documents available for inspection**

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document at the offices of Canaccord Genuity, 7th Floor, 80 Victoria Street, London SW1E 5JL, up to and including the close of business on 13 December 2010, and at the venue of the General Meeting for at least 15 minutes prior to and during the General Meeting:

- (i) this document;
- (ii) the Prospectus;
- (iii) the circular sent to GGO Shareholders dated 11 November 2010 containing full details of the GGO Scheme;
- (iv) the Articles and the New Articles;
- (v) the audited report and accounts of the Company for the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010; and
- (vi) the letter of consent referred to in paragraph 10(i) of this Part IV.

## DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

<b>“2006 Act”</b>	the Companies Act 2006 (as amended)
<b>“2010 AGM”</b>	the annual general meeting of the Company held on 8 September 2010
<b>“Admission”</b>	admission of the New Ordinary Shares to the Official List with a Premium Listing and to trading on the Main Market and admission of the Subscription Shares to the Official List with a Standard Listing and to trading on the Main Market
<b>“Artemis Group”</b>	Artemis Investment Management and its subsidiary undertakings and holding companies
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company adopted by special resolution passed at the 2010 AGM
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Bonus Issue”</b>	the allotment to Qualifying Shareholders of Subscription Shares on the basis of one Subscription Share for every seven Qualifying Shares held
<b>“Business Day”</b>	any day on which banks are open for business in London (excluding Saturday, Sundays and public holidays)
<b>“Calculation Date”</b>	the time and date on which the value of GGO's assets and the Company's assets will be calculated for the purposes of the Scheme and the Proposals (which is expected to be 5.00 p.m. on 7 December 2010)
<b>“Cash Option”</b>	the option for GGO Shareholders to elect to receive cash in respect of some or all of their holding of GGO Shares under the GGO Scheme
<b>“certificated” or “in certificated form”</b>	not in uncertificated form
<b>“Company”</b>	Artemis Alpha Trust plc, a company incorporated in England and Wales with registered number 253644 whose registered office is at Cassini House, 57 St. James's Street, London SW1A 1LD
<b>“Conversion Price”</b>	the price at which the Subscription Share Rights may be exercised in accordance with the terms and conditions of the Subscription Shares
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>“Custodian”</b>	JPMorgan Chase Bank, National Association, London Branch with a place of business at 125 London Wall, London EC2Y 5AJ
<b>“EEA States”</b>	the member states of the European Economic Area
<b>“Effective Date”</b>	the date on which the GGO Scheme becomes effective (which is expected to be 10 December 2010)
<b>“Enlarged Company”</b>	the Company following implementation of the Proposals
<b>“Entitlement Date”</b>	the date on which GGO Shareholders' entitlements for the Cash Option and the Rollover Option shall be calculated which is expected to be 26 November 2010
<b>“FAV”</b>	the formula asset value of GGO and the Company respectively on the Calculation Date, calculated in accordance with the Scheme

<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened for 9.00 a.m. on 7 December 2010 or any adjournment of that meeting
<b>“GGO”</b>	Gartmore Growth Opportunities plc, a company incorporated in England and Wales with registered number 2600028 whose registered office is at Gartmore House, 8 Fenchurch Place, London EC3M 4PB
<b>“GGO Liquidators”</b>	the liquidators of GGO to be appointed pursuant to a resolution to be passed by the GGO Shareholders at a general meeting to be held on 10 December 2010
<b>“GGO Shareholders”</b>	holders of GGO Shares
<b>“GGO Shares”</b>	ordinary shares of 0.025p each in the capital of GGO
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“High Court”</b>	the High Court of England and Wales
<b>“HMRC”</b>	HM Revenue & Customs
<b>“Independent Shareholders”</b>	Shareholders other than members of the Artemis Group and their Associates (as defined in the Listing Rules) for the purposes of Chapter 11 of the Listing Rules
<b>“Interim Dividend”</b>	the interim dividend in respect of the six months to 31 October 2010 to be paid by the Company in February 2011
<b>“Investment Manager”, “Manager” or “Artemis Investment Management”</b>	Artemis Investment Management LLP, a limited liability partnership established in England and Wales with registered number OC354068 whose registered office is at Cassini House, 57 St. James’s Street, London SW1A 1LD (and, where the context requires, its predecessor Artemis Investment Management Limited)
<b>“ISA”</b>	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
<b>“LIBOR”</b>	London Interbank Offered Rate
<b>“Liquidation Fund”</b>	the liquidation fund to be established by the GGO Liquidators to meet the outstanding and contingent liabilities of GGO
<b>“Listing Rules”</b>	the listing rules made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Management Agreement”</b>	the management agreement dated 3 June 2003 between the Company and the Investment Manager, details of which are set out in paragraph 7(i) of Part IV of this document
<b>“Manager Warrants”</b>	the warrants to subscribe for Ordinary Shares that have been issued by the Company to persons associated with the Investment Manager
<b>“Manager Warrant Agreements”</b>	the First Manager Warrant Agreement, the Second Manager Warrant Agreement and the Third Manager Warrant Agreement as each is defined in Part III of this document and “Manager Warrant Agreement” means any one of them
<b>“Manager Warrant Deed Polls”</b>	the deed polls executed by the Company amending each Manager Warrant Agreement, conditional upon the GGO Scheme becoming effective

<b>“NAV” or “Net Asset Value”</b>	in relation to a share, means its net asset value on the relevant date calculated on the basis of the relevant company’s normal accounting policies
<b>“New Articles” or “New Articles of Association”</b>	the proposed new articles of association of the Company to be adopted at the General Meeting
<b>“New Fee Proposal”</b>	the proposal set out in Parts I and III of this document in relation to the change of the investment management fee arrangement in respect of the Company
<b>“New Ordinary Shares”</b>	new ordinary shares of 1p each in the capital of the Company
<b>“Notice of General Meeting”</b>	the notice of General Meeting set out at the end of this document
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Overseas GGO Shareholders”</b>	GGO Shareholders who have a registered address outside the EEA States, the Channel Islands and the Isle of Man or who are resident in, or citizens or nationals of, jurisdictions outside the EEA States, the Channel Islands and the Isle of Man
<b>“Overseas Shareholders”</b>	Shareholders who have a registered address outside the EEA States, the Channel Islands and the Isle of Man or who are resident in, or citizens or nationals of, jurisdictions outside the EEA States, the Channel Islands and the Isle of Man
<b>“Proposals”</b>	the proposals for (i) the issue of New Ordinary Shares pursuant to the GGO Scheme; (ii) the exercise of the Manager Warrants; (iii) the Bonus Issue; (iv) the adoption of the New Articles; (v) the change to the Company’s continuation vote; (vi) the New Fee Proposal; (vii) the grant of an authority to purchase Ordinary Shares and Subscription Shares; (viii) the cancellation of the Company’s Share premium account; and (ix) all ancillary matters
<b>“Prospectus”</b>	the prospectus published by the Company in connection with the issue of the New Ordinary Shares and the Subscription Shares dated 11 November 2010
<b>“Qualifying Shareholders”</b>	(i) Shareholders whose names are entered on the Register at the close of business on the Record Date; (ii) GGO Shareholders who validly elect, or are deemed to have elected, for New Ordinary Shares under the Scheme; and (iii) the holders of New Ordinary Shares issued pursuant to the exercise of the Manager Warrants
<b>“Qualifying Shares”</b>	(i) the Ordinary Shares in issue at the Record Date; (ii) the New Ordinary Shares to be issued to GGO Shareholders under the Scheme; and (iii) the New Ordinary Shares to be issued pursuant to the exercise of the Manager Warrants
<b>“RBS”</b>	The Royal Bank of Scotland plc
<b>“Record Date”</b>	6.00 p.m. on 3 December 2010 (or such other date as determined at the sole discretion of the Directors)
<b>“Register”</b>	the register of members of the Company
<b>“Registrar”</b>	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the Financial Services Authority

<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, details of which are contained in the Notice of General Meeting and “Resolution” means either resolution as the context requires
<b>“Rollover Option”</b>	the option for GGO Shareholders to roll-over their investment into the Company in accordance with the Scheme
<b>“Scheme” or “GGO Scheme”</b>	the scheme of reconstruction and voluntary winding up of GGO under section 110 of the Insolvency Act 1986
<b>“Shareholders”</b>	holders of Shares
<b>“Shares”</b>	Ordinary Shares (and, following the implementation of the Scheme, Subscription Shares (as the case may be))
<b>“SIPP”</b>	self invested personal pension
<b>“Subscription Shareholders”</b>	holders of Subscription Shares
<b>“Subscription Share Rights”</b>	the rights to be conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part IV of the Prospectus
<b>“Subscription Shares”</b>	the subscription shares of 1p each in the capital of the Company
<b>“Transfer Agreement”</b>	the agreement proposed to be entered into on or about the Effective Date among, <i>inter alia</i> , the GGO Liquidators (in their personal capacity and on behalf of GGO) and the Company
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for listing for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)
<b>“uncertificated” or “in uncertificated form”</b>	recorded in the register of members of the Company as being in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“VAT”</b>	value added tax

# ARTEMIS ALPHA TRUST PLC

*(Incorporated in England and Wales with registered number 253644 and registered as an investment company within the meaning of section 833 of the Companies Act 2006)*

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Artemis Alpha Trust plc will be held at 9.00 a.m. on 7 December 2010 at the offices of Artemis Investment Management LLP, 42 Melville Street, Edinburgh EH3 7HA for the purpose of considering and, if thought fit, passing the following resolutions. Resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution.

### SPECIAL RESOLUTION

1. THAT, subject to and conditional upon (i) the scheme of reconstruction and winding up of Gartmore Growth Opportunities plc ("GGO") as described in the circular to shareholders of the Company (the "Circular") dated 11 November 2010 (the "Proposals") becoming unconditional in all respects (other than as regards any condition relating to the passing of this Resolution) and (ii) the passing of Resolution 2 below:

- (a) the directors of the Company (the "Directors") be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot:
  - (1) up to 23,466,018 ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") having an aggregate nominal value of £234,660.18 to shareholders of GGO in connection with the GGO Scheme;
  - (2) up to 6,533,982 Ordinary Shares having an aggregate nominal value of £65,339.82 to the holders of the Manager Warrants on completion of their exercise; and
  - (3) in addition to the authorities referred to in paragraphs (a)(1) and (a)(2) of this Resolution, Ordinary Shares with a maximum nominal amount of £60,000 or, if less 10 per cent. of the total ordinary share capital in issue immediately following Admission becoming effective,

such authority to be in substitution for any other authority conferred prior to the date hereof under section 551 of the Act, provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors shall be entitled to allot Ordinary Shares pursuant to any such offer or agreement as if the authority had not expired;

- (b) notwithstanding any provisions of the Articles or any provisions of the articles of association to be adopted pursuant to paragraph (i) of this Resolution, including, for the avoidance of doubt, articles 140 and 141, the Directors be and are hereby empowered to capitalise any part of the amount then standing to the credit of any of the share premium account or the capital redemption reserve, or any reserve (other than the profit and loss account) otherwise available for the purposes of paying up in full at par up to 10,000,000 subscription shares of 1p each in the capital of the Company (the "Subscription Shares"), having an aggregate nominal value of £100,000, to be issued pursuant to the Bonus Issue, such shares to be allotted and distributed credited as fully paid up in the proportion of one new Subscription Share for every seven Qualifying Shares held (fractions of a Subscription Share being ignored) and, to the extent necessary, paying up in full any Ordinary Shares to be allotted in accordance with the provisions of the articles of association of the Company (as adopted pursuant to paragraph (i) of this Resolution) relating to the exercise of rights attaching to the Subscription Shares and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the rights attaching to the Subscription Shares;
- (c) the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot up to 10,000,000 Subscription Shares having an aggregate nominal value of £100,000 pursuant to the Bonus issue and up to 10,000,000 Ordinary Shares having an aggregate nominal value of £100,000 pursuant to the exercise of the rights attaching to the Subscription Shares to subscribe for such shares (as set out in the articles of association to be adopted pursuant to paragraph (i) of this Resolution) such authority to be in addition to any other authority conferred prior to the date hereof under section 551 of the Act, provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier;

(d) the Directors be and they are hereby generally and unconditionally authorised in accordance with sections 570 and 573 of the Act to:

- (1) allot up to 6,533,982 Ordinary Shares, having an aggregate nominal value of £65,339.82 to the holders of the Manager Warrants on completion of their exercise;
- (2) allot up to 10,000,000 Subscription Shares, having an aggregate nominal value of £100,000, pursuant to the Bonus Issue and up to 10,000,000 Ordinary Shares, having an aggregate nominal value of £100,000, pursuant to the exercise of the rights attaching to the Subscription Shares to subscribe for such shares (as set out in the articles of association to be adopted pursuant to paragraph (i) of this Resolution); and
- (3) allot, in addition to the authorities referred to in paragraphs (d)(1) and (d)(2) of this Resolution, up to 6,000,000 Ordinary Shares with a maximum nominal amount of £60,000 or, if less 10 per cent. of the total ordinary share capital in issue following the implementation of the Proposals;
- (4) resell any Ordinary Shares held by the Company in treasury,

in each case wholly for cash as if section 561(1) of the Act did not apply to any such allotment, grant or sale provided that this power shall (unless previously revoked) expire at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares and/or Subscription Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares and/or Subscription Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired;

(e) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares be and are hereby approved;

(f) in addition to any authority under section 701 of the Act conferred by paragraph (g) of this Resolution, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued Subscription Shares, provided that:

- (1) the maximum number of Subscription Shares hereby authorised to be purchased shall be 1,499,000 or if less, that number of Subscription Shares which is equal to 14.99 per cent. of the Company's issued Subscription Share capital immediately following Admission becoming effective;
- (2) the minimum price which may be paid for a Subscription Share is 1p;
- (3) the maximum price which may be paid for a Subscription Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of; or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out;
- (4) the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier; and
- (5) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry;

(g) in substitution for the existing authority conferred by resolution numbered 7 at the Company's annual general meeting held on 8 September 2010 but in addition to such authority conferred by paragraph (f) of this Resolution, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued Ordinary Shares, provided that:

- (1) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 9,000,000 or, if less, that number of Ordinary Shares which is equal to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Admission becoming effective;
- (2) the minimum price which may be paid for an Ordinary Share is 1p;

- (3) the maximum price which may be paid for an Ordinary Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of; or (b) the highest current independent bid for, any number of Ordinary Shares on the trading venue where the purchase is carried out;
- (4) the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in 2011 or on 31 October 2011, if earlier; and
- (5) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry;

(h) subject to the confirmation of the High Court,

- (1) the share capital of the Company in issue immediately following Admission be reduced by cancelling the entire amount standing to the credit of the Company's share premium account; and
- (2) subject to any undertaking required by the High Court, the credit thereby arising in the Company's books of account from the cancellation of the Company's share premium account pursuant to paragraph (h)(1) of this Resolution be applied in crediting a special reserve which shall be able to be applied in any manner in which the Company's profits available for distribution are able to be applied (as determined in accordance with the Act and The Companies (Reduction of Share Capital) Order 2008), including the buy back by the Company of Ordinary Shares and/or Subscription Shares; and
- (i) the Company adopt new articles of association in the form presented to the meeting and signed by the chairman of the meeting for the purposes of identification,

and the terms defined in the Circular shall have the same meanings in this Resolution, save where the context otherwise requires.

#### ORDINARY RESOLUTION

2. THAT, subject to and conditional upon (i) the Proposals becoming unconditional in all respects (other than regards any condition relating to the passing of this Resolution) and (ii) the passing of Resolution 1 above:

- (a) the amendments to each of the manager warrant agreements, between the Company and Artemis Investment Management LLP (as novated and amended) on each of 2 September 2003, 7 September 2004 and 8 February 2006 as set out in the circular of the Company dated 11 November 2010 (the "Circular"); and
- (b) the amendments to the investment management fee arrangements of the Company as set out in the Circular,

be and are hereby approved.

Terms defined in the Circular shall have the same meanings in this Resolution, save where the context otherwise requires.

*By order of the Board*

Artemis Investment Management LLP  
Secretary

*Registered office:*

Cassini House  
57 St. James's Street  
London  
SW1A 1LD

11 November 2010

## Notes

### 1. Attending the General Meeting in person

If you wish to attend the General Meeting in person, you should arrive at the venue for the General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity prior to being admitted to the General Meeting.

### 2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent a member. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying Form of Proxy.

If members wish their proxy to speak on their behalf at the General Meeting they will need to appoint their own choice of proxy (not the chairman of the General Meeting) and give their instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they may photocopy the accompanying Form of Proxy.

A member may instruct their proxy to abstain from voting on the resolutions to be considered at the General Meeting by marking the "Vote withheld" option when appointing their proxy. It should be noted that a "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the resolutions.

The appointment of a proxy will not prevent a member from attending the General Meeting and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

### 3. Appointment of a proxy using a Form of Proxy

A Form of Proxy for use in connection with the General Meeting is enclosed. To be valid any Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Company's Registrars, Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours (excluding non-working days) before the time of the General Meeting or any adjournment of that meeting.

If you do not have a Form of Proxy and believe that you should have one, or you require additional Forms of Proxy, please contact Capital Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

### 4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the Registrar (ID RA 10) no later 48 hours (excluding non-working days) before the time of the General Meeting or any adjournment of that meeting. 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 Application Host) from which the Registrar 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.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system

providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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. Appointment of proxy by joint holders**

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

**6. Corporate representatives**

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

**7. Entitlement to attend and vote**

To be entitled to attend and vote at the General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 3 December 2010 (or, if the General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the General Meeting.

**8. Nominated persons**

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the 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 member as to the exercise of voting rights.

**9. Website giving information regarding the General Meeting**

Information regarding the General Meeting, including information required by section 311A of the 2006 Act, and a copy of this notice of General Meeting is available at [www.artemisonline.co.uk](http://www.artemisonline.co.uk).

**10. Voting rights**

As at 9 November 2010 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 30,542,703 ordinary shares of which 551,500 were held in treasury. Therefore, the total voting rights in the Company as at 9 November 2010 were 29,991,203 votes.

**11. Notification of shareholdings**

Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chairman of the General Meeting as his proxy will need to ensure that both he or she, and his or her proxy, comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

**12. Further questions and communication**

Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the General Meeting put by a member attending the General Meeting unless answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any queries about the General Meeting should contact the Company Secretarial Department by writing to Artemis Investment Management LLP, Cassini House, 57 St. James's Street, London SW1A 1LD.

Members may not use any electronic address provided in this notice or in any related documents (including the accompanying circular and Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.