

This document comprises a prospectus relating to Aurora Investment Trust plc (the “Company”) prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at [www.aurorainvestmenttrust.com](http://www.aurorainvestmenttrust.com).

The Directors of the Company, whose names appear on page 24 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

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# AURORA INVESTMENT TRUST PLC

*Incorporated in England and Wales with registered no. 03300814  
Registered as an investment company under section 833 of the Companies Act 2006*

## Issue of New Shares pursuant to a Placing Programme

*Sponsor*

**Dickson Minto W.S.**

*Placing Agent*

**Liberum Capital Limited**

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Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange’s Main Market for listed securities. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 8 July 2019 to 2 July 2020.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) or under any of the relevant securities laws of any EEA States (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, or to, or for the account, or benefit of, US Persons (as defined in Regulation S under the US Securities Act), any of the EEA States (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan. The Company will not be registered under the United States Investment Company Act of 1940, as amended (the “**US Investment Company Act**”) and investors will not be entitled to the benefits of the US Investment Company Act.

The Placing Agent and the Sponsor, each of which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and for no one else in relation to the Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on the Placing Agent and the Sponsor by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, the Placing Agent and the Sponsor will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Placing Agent or the Sponsor or for advising any other person in relation to the Placing Programme or any transaction contemplated in or by this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser. Potential investors should also consider the risk factors relating to the Company set out on pages 12 to 17 of this document.

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## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

### Section A – Introduction and warnings

Element	Disclosure
A.1	<p><b><i>Warning</i></b></p> <p>This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p><b><i>Financial intermediaries</i></b></p> <p>Not applicable. No consent has been given by the issuer or person responsible for drawing up the Prospectus to the use of this document for subsequent resale or final placement of securities by financial intermediaries.</p>

### Section B – Issuer

Element	Disclosure												
B.1	<b><i>Legal and commercial name</i></b> Aurora Investment Trust plc												
B.2	<b><i>Domicile and legal form</i></b> The Company was incorporated and registered in England and Wales on 10 January 1997 as a public company limited by shares under the Companies Act 1985 with registered number 03300814. The Company operates under the Act and regulations made under the Act.												
B.5	<b><i>Group description</i></b> Not applicable. The Company is not part of a group.												
B.6	<b><i>Major shareholders</i></b> As at close of business on 1 July 2019 (being the latest practicable date prior to the publication of this document) the Company was aware of the following notifiable interests in the issued share capital of the Company: <table><tr><td></td><td><i>No. of Ordinary Shares</i></td><td><i>Percentage of issued share capital</i></td></tr><tr><td>Rothschild and Co. Wealth Management (UK) Limited</td><td>10,852,617</td><td>16.73%</td></tr><tr><td>Brewin Dolphin Limited</td><td>3,271,677</td><td>6.19%</td></tr><tr><td>Myddleton Croft Limited</td><td>2,209,699</td><td>3.89%</td></tr></table>		<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	Rothschild and Co. Wealth Management (UK) Limited	10,852,617	16.73%	Brewin Dolphin Limited	3,271,677	6.19%	Myddleton Croft Limited	2,209,699	3.89%
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	The Directors are not aware of any person or persons who currently does or who, following the Placing Programme, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.																																																																																
B.7	<p><b>Key financial information</b></p> <p>Following the appointment of Phoenix as the Company's investment manager in January 2016, the Company's accounting reference date was changed from 28/29 February to 31 December to bring it in line with other funds managed by Phoenix. Selected financial information relating to the Company which summarises the financial condition of the Company for the four financial periods ended 31 December 2018 is set out in the following table. It should be noted that the annual report and accounts for the financial year ended 29 February 2016 relate, in part, to a financial period prior to the appointment of the Investment Manager in January 2016.</p> <table><tr><th></th><th><i>Year ended 29 February 2016</i></th><th><i>Period ended 31 December 2016</i></th><th><i>Year ended 31 December 2017</i></th><th><i>Year ended 31 December 2018</i></th></tr><tr><td><b>Net Asset Value</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Net assets (£'000)</td><td>18,440</td><td>51,438</td><td>87,373</td><td>100,996</td></tr><tr><td>Net Asset Value per Ordinary Share (p)</td><td>162.30</td><td>172.66</td><td>205.72</td><td>182.24</td></tr><tr><td><b>Ordinary Share price (p)</b></td><td>158.00</td><td>173.50</td><td>208.00</td><td>183.00</td></tr><tr><td><b>Income</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Revenue return after expenses and taxation (£'000)</td><td>204</td><td>636</td><td>1,306</td><td>2,502</td></tr><tr><td>Revenue return per Ordinary Share (p)</td><td>1.95</td><td>3.00</td><td>3.67</td><td>4.99</td></tr><tr><td>Dividend per Ordinary Share (p)</td><td>1.00</td><td>2.00</td><td>2.75</td><td>4.00</td></tr><tr><td><b>Ongoing charges</b></td><td></td><td></td><td></td><td></td></tr><tr><td>As a percentage of average total Shareholders' funds</td><td>2.48%</td><td>1.04%</td><td>0.54%</td><td>0.44%</td></tr><tr><td><b>Portfolio summary</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Shareholders' funds (£'000)</td><td>18,440</td><td>51,438</td><td>87,373</td><td>100,996</td></tr><tr><td><b>NAV/share price returns</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Net Asset Value return</td><td>4.50%</td><td>6.38%</td><td>19.1%</td><td>-10.3%</td></tr><tr><td>Ordinary Share price return</td><td>7.12%</td><td>9.81%</td><td>19.9%</td><td>-10.9%</td></tr></table> <p>During the four financial periods ended 31 December 2018 (being the last financial period of the Company for which financial information has been published) and subsequent to 31 December 2018, there has been no significant change to the Company's financial condition or its operating results, save for increases in the Company's net assets: (i) from 22 March 2016 to 31 December 2016 due to the issue of Ordinary Shares under an initial placing and placing programme announced on 22 March 2016; (ii) from 5 September 2017 to 4 September 2018 due to the issue of Ordinary Shares under an initial placing, offer for subscription, intermediaries offer and a placing programme announced on 5 September 2017; and (iii) pursuant to the issue of Ordinary Shares under the Company's block listing.</p>		<i>Year ended 29 February 2016</i>	<i>Period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2018</i>	<b>Net Asset Value</b>					Net assets (£'000)	18,440	51,438	87,373	100,996	Net Asset Value per Ordinary Share (p)	162.30	172.66	205.72	182.24	<b>Ordinary Share price (p)</b>	158.00	173.50	208.00	183.00	<b>Income</b>					Revenue return after expenses and taxation (£'000)	204	636	1,306	2,502	Revenue return per Ordinary Share (p)	1.95	3.00	3.67	4.99	Dividend per Ordinary Share (p)	1.00	2.00	2.75	4.00	<b>Ongoing charges</b>					As a percentage of average total Shareholders' funds	2.48%	1.04%	0.54%	0.44%	<b>Portfolio summary</b>					Shareholders' funds (£'000)	18,440	51,438	87,373	100,996	<b>NAV/share price returns</b>					Net Asset Value return	4.50%	6.38%	19.1%	-10.3%	Ordinary Share price return	7.12%	9.81%	19.9%	-10.9%
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B.8	<p><b>Key pro forma financial information</b></p> <p>Not applicable. No pro forma financial information is included in this document.</p>																																																																																
B.9	<p><b>Profit forecast</b></p> <p>Not applicable. No profit forecast or estimate is made.</p>																																																																																
B.10	<p><b>Description of the nature of any qualifications in the audit report on the historical financial information</b></p> <p>Not applicable. The audit reports on the historical financial information incorporated by reference into this document are not qualified.</p>																																																																																

B.11	<p><b><i>Insufficient working capital</i></b></p> <p>Not applicable. The Company is of the opinion that, taking into account its existing cash resources, the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).</p>
B.34	<p><b><i>Investment policy</i></b></p> <p><i>Investment objective</i></p> <p>The Company's objective is to provide Shareholders with long-term returns through capital and income growth.</p> <p><i>Investment policy</i></p> <p>The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:</p> <ul style="list-style-type: none"> <li>• The maximum permitted investment in companies listed outside the UK at cost price is 20 per cent. of the Company's gross assets.</li> <li>• The maximum permitted investment in unlisted securities at cost price is 10 per cent. of the Company's gross assets.</li> <li>• There are no pre-defined maximum or minimum sector exposure levels but sector exposures are reported to and monitored by, the Board in order to ensure that adequate diversification is achieved.</li> <li>• The Company's policy is not to invest more than 15 per cent. of its gross assets in any one underlying issuer.</li> <li>• The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than ten per cent. in aggregate of the gross assets of the Company in other listed closed-ended investment funds.</li> <li>• The Company will not invest in any other fund managed by the Investment Manager.</li> </ul> <p>While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will consist of holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purpose of capital preservation.</p> <p>The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the Company would be restricted to 30 per cent. of the aggregate of the paid up nominal capital plus the capital and revenue reserves.</p> <p>Any material change to the investment policy of the Company will only be made with the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.</p>
B.35	<p><b><i>Borrowing limits</i></b></p> <p>The Company does not currently intend to use gearing. However, if the Board decided to use gearing the aggregate borrowings of the Company would be restricted to 30 per cent. of the aggregate of the paid up nominal capital plus the capital and revenue reserves.</p>

B.36	<p><b>Regulatory status</b></p> <p>Save for its compliance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules, the Company is not a regulated entity.</p>
B.37	<p><b>Typical investor</b></p> <p>The Directors believe that the Company is a suitable investment for equity investors who understand the investment approach including the Investment Manager's definition of risk. The Investment Manager defines risk as the potential for a permanent loss of capital. The investment approach is likely to result in periods of significant volatility and divergence from the market benchmark but importantly the Investment Manager does not believe that higher volatility means higher risk. The Directors believe that these investors are likely to be professionally advised private investors, institutions and individuals who understand the risks of an investment in the Company.</p>
B.38	<p><b>Investment of 20 per cent. or more in a single underlying asset or investment company</b></p> <p>Not applicable. The Company may not invest more than 15 per cent. of its gross assets in a single underlying asset or investment company at the time of investment.</p>
B.39	<p><b>Investment of 40 per cent. or more in another collective investment undertaking</b></p> <p>Not applicable. The Company may not invest more than 15 per cent. of its gross assets in another collective investment undertaking at the time of investment.</p>
B.40	<p><b>Applicant's service providers and maximum fees payable</b></p> <p><i>Managerial arrangements</i></p> <p>The Board has appointed Phoenix Asset Management Partners Limited as the Company's alternative investment fund manager (in accordance with the AIFM Directive) under the Investment Management Agreement. The Investment Management Agreement is terminable by either party on 12 months' notice or on shorter notice in certain circumstances.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager does not earn an ongoing annual management fee but is entitled to a performance fee. The performance fee is equal to one third of the outperformance of the Company's Net Asset Value total return (including dividends and adjusted for the impact of share buy backs and the issue of new shares) over the FTSE All-Share Total Return Index, for each financial year (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The Company's Net Asset Value total return is based on the weighted number, and Net Asset Value, of the Shares in issue over the relevant performance period.</p> <p>The total performance fee will be capped at four per cent. per annum of the Net Asset Value of the Company at the end of the relevant financial year in the event that the Net Asset Value per Ordinary Share has increased in absolute terms over the period and two per cent. in the event that the Net Asset Value per Ordinary Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years save where the Investment Management Agreement is terminated by the Company other than for fault in which case any carried forward performance fee will be paid without the cap.</p> <p>The performance fee will also be subject to a clawback, including on termination of the Investment Management Agreement. Under the clawback, where a performance fee is earned, there follows a fixed three year period at the end of which a test is performed on the performance of the Company. If at the time the test is performed it is found that overall the Company has under performed in the fixed three year period the clawback shall apply. If triggered, this would require the Investment Manager to transfer back to the Company</p>



some or all of the Ordinary Shares it received in satisfaction of the performance fee. The clawback will continue to apply following termination of the Investment Management Agreement.

The performance fee is payable to the Investment Manager in Ordinary Shares (issued at the Net Asset Value per Ordinary Share on the date of issue) and such Ordinary Shares must be retained by the Investment Manager for a minimum period of three years from the date of issue unless the Investment Management Agreement is terminated. It is intended that the performance fee will be charged to the capital reserves of the Company.

No performance fee was earned by the Investment Manager for the year ended 31 December 2018. As described above, the performance fee is calculated on a cumulative basis and can only be earned after any underperformance in the previous year has been caught-up. As at 31 December 2018, the cumulative underperformance of the Company, for the purposes of calculating the performance fee, since the appointment of Phoenix was 4.4 per cent. The cumulative underperformance of the Company for the year ending 31 December 2019 was 13.36 per cent. as at 1 July 2019.

#### *Administration arrangements*

All secretarial and administrative services are provided by PraxisIFM Fund Services (UK) Limited pursuant to the Administration Agreement. The Secretary is entitled to receive a fixed fee of £40,000 per annum together with a variable fee of 0.075 per cent. of the Company's net assets up to £100 million and 0.025 per cent. of the Company's net assets above £100 million (calculated at the end of each calendar month) per annum subject to a minimum overall fee of £6,500 per month plus VAT payable monthly in arrears for the provision of secretarial services to the Company.

#### *Depository*

BNP Paribas Securities Services, London Branch has been appointed as the Company's depository. The Depository is responsible for the safe keeping of the Company's assets. The Depository has arranged for the safe keeping of the Company's financial instruments and settles (directly or through sub-custodians) all transactions relating to those financial instruments on behalf of the Company. The Depository is paid an annual fee calculated as 0.015 per cent. of the value of the Company's assets up to £150 million and 0.012 per cent. of the value of the Company's assets above £150 million subject to a minimum annual fee of £25,000. The Depository is also entitled to fees for safe keeping and other services.

#### *Auditors*

Grant Thornton UK LLP provides audit services to the Company. The fees charged by the Auditors are based, amongst other things, on the time spent by the Auditors on the affairs of the Company.

#### *Registrar*

Link Asset Services has been appointed as the Company's registrar. The Registrar's duties include the maintenance of the Company's register of Shareholders and the processing of any transfer of Ordinary Shares. Fees are based on the number of holders on the register and number of transfers each year.

#### *Broker and Placing Agent*

Liberum Capital Limited has been appointed as corporate broker to the Company and is paid a nominal fee for performing such role.

Liberum has also agreed under the Placing Agreement to use its reasonable endeavours to procure Placees for New Shares under the Placing Programme. Liberum will be entitled to a commission payable by the Company in connection with monies raised under the Placing Programme.

B.41	<p><b>Regulatory status of service providers</b></p> <p>The Investment Manager is authorised and regulated by the FCA and is an authorised alternative investment fund manager for the purposes of the AIFM Directive.</p> <p>The Depositary is authorised by the PRA and regulated by the FCA and the PRA.</p>																																				
B.42	<p><b>Calculation of Net Asset Value</b></p> <p>The Net Asset Value per Ordinary Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. The calculation of the Net Asset Value per Ordinary Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>																																				
B.43	<p><b>Cross liability</b></p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>																																				
B.44	<p><b>No financial statements have been made up</b></p> <p>Not applicable. The Company has commenced operations and historical financial information is incorporated by reference within this document.</p>																																				
B.45	<p><b>Portfolio</b></p> <p>As at 1 July 2019 (being the latest practicable date prior to the publication of this document) the Company's portfolio was as follows:</p> <table> <thead> <tr> <th><i>Holding</i></th><th><i>Percentage of Portfolio</i></th></tr> </thead> <tbody> <tr> <td>Easyjet plc</td><td>11.24%</td></tr> <tr> <td>Sports Direct International</td><td>9.40%</td></tr> <tr> <td>Dignity plc</td><td>9.00%</td></tr> <tr> <td>Randall &amp; Quilter Investment</td><td>8.72%</td></tr> <tr> <td>Lloyds Banking Group</td><td>7.83%</td></tr> <tr> <td>Bellway plc</td><td>7.76%</td></tr> <tr> <td>Tesco plc</td><td>7.62%</td></tr> <tr> <td>GlaxoSmithKline plc</td><td>6.39%</td></tr> <tr> <td>Phoenix SG Limited</td><td>6.05%</td></tr> <tr> <td>Vesuvius plc</td><td>5.21%</td></tr> <tr> <td>Redrow plc</td><td>4.99%</td></tr> <tr> <td>Hornby plc</td><td>4.45%</td></tr> <tr> <td>Wetherspoon (JD) plc</td><td>3.35%</td></tr> <tr> <td>Morrison (WM) Supermarkets</td><td>3.06%</td></tr> <tr> <td>Barratt Developments plc</td><td>2.11%</td></tr> <tr> <td>CPP Group plc</td><td>1.90%</td></tr> <tr> <td>Ryanair Holdings plc</td><td>0.92%</td></tr> </tbody> </table> <p>There has been no significant change in the holdings that make up the Company's portfolio from 1 July 2019 to the date of this document.</p>	<i>Holding</i>	<i>Percentage of Portfolio</i>	Easyjet plc	11.24%	Sports Direct International	9.40%	Dignity plc	9.00%	Randall & Quilter Investment	8.72%	Lloyds Banking Group	7.83%	Bellway plc	7.76%	Tesco plc	7.62%	GlaxoSmithKline plc	6.39%	Phoenix SG Limited	6.05%	Vesuvius plc	5.21%	Redrow plc	4.99%	Hornby plc	4.45%	Wetherspoon (JD) plc	3.35%	Morrison (WM) Supermarkets	3.06%	Barratt Developments plc	2.11%	CPP Group plc	1.90%	Ryanair Holdings plc	0.92%
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Barratt Developments plc	2.11%																																				
CPP Group plc	1.90%																																				
Ryanair Holdings plc	0.92%																																				
B.46	<p><b>Net Asset Value</b></p> <p>The unaudited Net Asset Value per Ordinary Share as at 1 July 2019 (being the latest practicable date prior to the publication of this document) was 192.58 pence.</p>																																				



## Section C - Securities

Element	Disclosure
C.1	<p><b>Type and class of securities</b></p> <p>The Ordinary Shares have a nominal value of 25 pence each. Application will be made to the FCA for the New Shares to be admitted to the Official List with a premium listing. The ISIN for the Ordinary Shares is GB0000633262.</p>
C.2	<p><b>Currency</b></p> <p>The Ordinary Shares are, and New Shares will be, denominated in pounds sterling.</p>
C.3	<p><b>Number of securities in issue</b></p> <p>As at 1 July 2019 (being the latest practicable date prior to the publication of this document) the issued share capital of the Company comprised 64,859,316 fully paid Ordinary Shares.</p>
C.4	<p><b>Description of the rights attaching to the securities</b></p> <p>The New Shares will rank <i>pari passu</i> in all respects with the existing issued Ordinary Shares.</p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company. Subject to the provisions of the Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the assets of the Company attributable to their shares in a winding up of the Company or other return of capital.</p>
C.5	<p><b>Restrictions on the rights attaching to the securities</b></p> <p>Not applicable. There are no restrictions on the free transferability of Ordinary Shares.</p>
C.6	<p><b>Admission</b></p> <p>Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 8 July 2019 to 2 July 2020.</p>
C.7	<p><b>Dividend policy</b></p> <p>The Company does not have any formal policy to achieve any specified level of dividend. However, the Board will distribute substantially all of the net revenue arising from the investment portfolio. Accordingly, the Company expects to pay an annual final dividend but the amount of such dividend (if any) may vary each year.</p>

## Section D – Risks

Element	Disclosure
D.1	<p><b>Key information on the key risks specific to the Issuer</b></p> <ul style="list-style-type: none"> <li>• Changes in economic conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.</li> <li>• The past performance of the Company, and of investments managed by the Investment Manager, is not a guarantee of the future performance and prospects of the Company.</li> <li>• There is no guarantee that the Company's investment objective will be achieved or provide the returns sought by the Company.</li> </ul>

	<ul style="list-style-type: none"> <li>Although a benchmark is used to measure performance, the Company does not track the investments that make up the benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any movement in financial markets generally.</li> <li>The Company attempts to conduct its business to satisfy the conditions to retain approval as an investment trust under section 1158 of the Tax Act. In respect of each accounting period for which approval is retained, the Company will be exempt from United Kingdom taxation on its capital gains. Failure to satisfy the conditions that a company must meet to retain approval as an investment trust could lead to the Company being subject to tax on capital gains.</li> <li>The fair value of equities and other securities held in the Company's portfolio fluctuate according to market prices.</li> <li>There are a number of risks inherent in investing in the manner contemplated by the Company's investment policy and strategy. Price movements of the underlying investments are volatile and are affected by a wide variety of factors including changing supply and demand relationships, corporate mergers and acquisition activity, capital raisings and credit spread fluctuations, interest rate and exchange rate fluctuations, international events and government policies. These price movements could result in significant losses for the Company.</li> </ul>
D.3	<p><b>Key information on the key risks specific to the securities</b></p> <ul style="list-style-type: none"> <li>The market value of the Ordinary Shares can fluctuate and may not always reflect the Net Asset Value per Ordinary Share.</li> <li>The income derived from the Ordinary Shares may fluctuate.</li> <li>Although the New Shares will be listed on the Official List and admitted to trading on the Main Market, there may not be a liquid market in the New Shares and Shareholders may have difficulty selling them.</li> <li>The Company may only pay dividends on the Ordinary Shares to the extent that it has distributable profits 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.</li> </ul>

## Section E – Offer

Element	Disclosure
E.1	<p><b>Net proceeds and costs of the Placing Programme</b></p> <p>The Investment Manager has agreed to reimburse the Company for all fixed costs in relation to the Placing Programme that are not covered by the premium to the Net Asset Value per Ordinary Share at which the New Shares are issued. The fixed costs (which include the Documentation Costs) of the Placing Programme are estimated to be £161,200 (including any VAT).</p>
E.2 A	<p><b>Reason for offer and use of proceeds</b></p> <p>The Placing Programme has been proposed by the Directors to increase the size of the Company. The Placings may also provide an opportunity to attract new investors and therefore may also improve the liquidity of the Ordinary Shares. The Directors will apply the net proceeds of any Placing in accordance with the Company's investment policy.</p>
E.3	<p><b>Terms and conditions of the offer</b></p> <p>To become effective, each Placing will require the following events to occur:</p> <ul style="list-style-type: none"> <li>the appropriate Shareholder authority for the issue of New Shares in relation to any Placing remaining in place;</li> </ul>

	<ul style="list-style-type: none"> <li>• the Admission Condition being satisfied pursuant to such Placing; and</li> <li>• a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.</li> </ul>
E.4	<p><b><i>Material interests</i></b></p> <p>Not applicable. No interest is material to the Placing Programme.</p>
E.5	<p><b><i>Name of person selling securities</i></b></p> <p>Not applicable. No person or entity is offering to sell the securities as part of the Placing Programme.</p>
E.6	<p><b><i>Dilution</i></b></p> <p>Existing Shareholders are not obliged and may not have the opportunity to participate in the Placing Programme. Existing Shareholders who do not participate in the Placing Programme will suffer a dilution to the percentage of the issued share capital that their existing holding represents based on the actual number of Ordinary Shares issued.</p> <p>If 57 million New Shares, being the maximum number of New Shares that could be issued, are issued under the Placing Programme, Shareholders who do not participate in the Placings will suffer a dilution of approximately 88 per cent. to their existing percentage shareholding.</p> <p>New Shares will only be issued at a premium of 1.25 per cent. to the Net Asset Value per Ordinary Share at the relevant time. This premium is expected to be sufficient to cover the anticipated fixed costs and expenses to be incurred by the Company in connection with the Placing Programme and the Investment Manager has agreed to meet any shortfall in relation to the fixed costs. Accordingly, although any issue of New Shares pursuant to the Placing Programme may be dilutive to an Existing Shareholder's ownership in the Company, it will not result in any dilution to the Net Asset Value per Ordinary Share.</p>
E.7	<p><b><i>Expenses charged to the investor</i></b></p> <p>Not applicable. There are no expenses charged to the investor.</p>

## **RISK FACTORS**

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material or which are not presently known to the Directors. Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser.

Potential investors should carefully consider all the information in this document, including the following material risk factors in relation to the Company and the Ordinary Shares, before deciding to invest in the Company.

### **The Company's performance and prospects**

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, local and national political and geopolitical events, terrorism, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

### **Reliance on the Investment Manager**

The past performance of the Company, and of other funds with similar investment strategies and objectives managed by the Investment Manager, is not a guarantee of the future performance and prospects of the Company. The departure of key skilled professionals from the Investment Manager could have a material adverse effect on the Company's business, financial condition and operations.

### **Reliance on third party service providers**

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is, therefore, reliant upon third party service providers for the performance of certain functions. The Investment Manager, Depositary and Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to meet its investment objective. Similarly, the Investment Manager may be reliant on third party service providers (for services other than research) and a failure by any of these service providers to fulfil its obligations could materially affect the Investment Manager's ability to meet their obligations to the Company, which in turn could affect the ability of the Company to meet its investment objective and potentially have an adverse impact on the value of the Ordinary Shares and the Net Asset Value per Ordinary Share.

In the event that it is necessary for the Company or the Investment Manager to replace any third party service provider it may be that the transition process takes time, increases costs and adversely impacts the Investment Manager's operations and/or the Company's investments and performance.

The Investment Manager, Registrar, Depositary, any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on their own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company. These parties will not in any such circumstances be liable to the Company to account for any profit earned from any such services.

## **The 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 the 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.

Ordinary 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 any income derived from it, if any, may go down as well as up. An investment in the Ordinary Shares 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). 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 objective 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 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 from the Company's portfolio and the returns from an investment in Ordinary Shares in the future may differ materially from historical returns on the Ordinary Shares and will depend, among other things, on the composition of the Company's portfolio. The past performance of the Company, and of other investments managed by the Investment Manager, is not a guarantee of future performance.

The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Although the New Shares will be listed on the premium segment of the Official List and admitted to trading on the Main Market it is possible that there may not be a liquid market in the New Shares and Shareholders may have difficulty selling them. In addition, the Company does not have a very wide shareholder base and a limited free float of Ordinary Shares may mean there is limited liquidity in the shares.

The Net Asset Value of an Ordinary Share is expected to fluctuate over time with the performance of the underlying assets. Under the terms of the Investment Management Agreement the Investment Manager does not earn an ongoing management fee but is entitled to a performance fee. Although the performance fee is capped, significant outperformance could result in a significant performance fee being payable to the Investment Manager and cause increased volatility in the Net Asset Value per Ordinary Share.

## **Dilution of Shareholders**

Existing Shareholders are not obliged and may not have the opportunity to participate in the Placing Programme. Existing Shareholders who do not participate in the Placing Programme will experience dilution in their ownership and voting interest in the Company if the Placings are implemented. In these circumstances a Shareholder's proportionate ownership and voting rights will be reduced and the percentage that his or her Shares will represent of the total share capital of the Company will be reduced accordingly. The number of New Shares that will be issued under the Placing Programme is unknown at the date of this document. If 57 million New Shares, being the maximum number of New Shares that could be issued, are issued under the Placing Programme, Shareholders who do not participate in the Placing Programme will suffer a dilution of approximately 88 per cent. to their existing percentage shareholding.

New Shares will only be issued at a premium to the NAV per Ordinary Share at the relevant time which is expected to be sufficient to cover the anticipated fixed costs and expenses to be incurred by the Company in connection with the Placing Programme and the Investment Manager has agreed to meet any shortfall in relation to the fixed costs. Accordingly, although any issue of New Shares pursuant to the Placing Programme may dilute an Existing Shareholder's ownership in the Company, it is not expected to result in any dilution to the NAV per Ordinary Share.

## **Borrowing**

Whilst the Company is not prohibited from incurring borrowings for working capital purposes the Board has no current intention to utilise borrowings. Whilst 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 underlying return is falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

## **Dividends**

The Company does not have any formal policy to achieve any specified level of dividend. Dividends may only be paid to the extent that the Company has distributable profits 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.

If under UK law or accounting rules and standards applicable to the Company there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

## **Investment objective and strategy**

The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed equities. The portfolio is relatively concentrated and the exact number of individual holdings will vary over time but typically the portfolio will consist of 15 to 20 holdings. The portfolio currently consists of 17 holdings.

The number, quality and size of investment opportunities, and general market and economic conditions, may lead to delays in investing the net proceeds of the Placing Programme. If equity prices rise or fall significantly before the net proceeds are fully invested, the potential returns available to Shareholders may differ from the returns which would have been available on the Company's existing portfolio.

There is no guarantee that the Company's investment objective will be achieved.

The portfolio benchmark against which performance is measured is the FTSE All-Share Total Return Index. The portfolio is actively managed and does not seek to track the benchmark and, although sector concentration and thematic characteristics of the portfolio are carefully monitored, the portfolio of investments held by the Company may not follow either the direction or extent of any moves in the benchmark or financial markets generally (which may or may not be to the advantage of Shareholders).

The Company invests in large, medium and smaller capitalised companies. Medium and smaller capitalised companies may not necessarily have the resources of large capitalised companies and, as a result, they may find it more difficult to operate in periods of economic slowdown, recession or turmoil, notwithstanding that the Investment Manager seeks to invest in high quality, resilient companies regardless of market capitalisation. The capitalisation of such companies could make the market in their shares less liquid and, consequently, the Company may be unable to liquidate all or a portion of its positions in such securities. In addition, the market prices for shares in medium and smaller capitalised companies tend to be more volatile and the Company may not be able to realise what it perceives to be their fair value in the event of a sale.

The performance of the Company's investments depends heavily on the skills and expertise of the Investment Manager. The Company has appointed Phoenix to manage the Company's assets in line with its investment objective. Phoenix uses a "value investing" approach. More information about Phoenix and its investment approach can be found in Part 2 of this document titled "Investment Manager". In particular, the Company is dependent on the services of the Investment Manager's Chief Investment Officer, Gary Channon, who founded Phoenix in 1998 and acts as principal fund manager to the Company and has significant influence over the particular investment strategy employed by the Company. In the event of the death, incapacity, insolvency or withdrawal of Mr Channon the performance of the Company may be adversely affected.

The performance of the Company's investments will depend on the Investment Manager's ability to identify undervalued investment opportunities as well as to assess the import of news and events that may affect the financial markets. The Company may be required to hold investments for a substantial



period of time before realising their anticipated value. No assurance can be given that the Investment Manager will be able to identify suitable investment opportunities in which to deploy the Company's assets. To the extent that there is a delay in making investments, the Company's returns will be reduced.

There are a number of risks inherent in the Company's investment policy and strategy. Price movements of the underlying investments may be volatile and are affected by a wide variety of factors including changing supply and demand relationships, corporate mergers and acquisition activity, capital raisings and credit spread fluctuations, interest rate and exchange rate fluctuations, international events and government policies. These price movements could result in significant losses for the Company.

### **Disposal of assets**

Whilst the Company is not a limited life company, and is under no obligation to sell its investments within a fixed time frame, there can be no assurance that, at the time the Company seeks to dispose of its investments, conditions in the relevant market will be favourable or that the Company will be able to maximise the returns on such disposed investments. To the extent that market conditions are not favourable, the Company may not be able to dispose of investments at a gain. If the Company were required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the last bid price at which the investment was previously valued. As a result of the foregoing, there can be no assurances that the Company's portfolio can generate attractive returns for its Shareholders.

### **Sectoral diversification**

The Company has no specific limits placed on its exposure to any one sector. This may from time to time lead to the Company having significant exposure to certain business sectors. Concentration of investments in any one sector may result in greater volatility in the value of the Company's investments which could materially and adversely affect the performance of the Company and the return to Shareholders.

### **Past performance of the Investment Manager**

The Company has presented certain information in this Prospectus regarding the past performance of the Investment Manager and its key individuals and other funds managed by them. The past performance of the Investment Manager and its key individuals is not a guarantee, or intended to be a guarantee, of future performance or results of the Company for several reasons. For example, the structure, term, strategies and investment objectives and policy of the Company may differ from other funds managed by the Investment Manager and conditions in the market prevailing when the Investment Manager or its key individuals managed other funds may be different from those conditions that will be relevant to the Company.

Additionally, the future performance and results of the Company will be subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing. Accordingly, there can be no assurance that the Company will have the same opportunities to invest in assets that generate similar returns to such other funds, although the Investment Manager will continue to adopt the same investment strategy.

### **Derivatives**

The Company may use derivatives which will be principally, but not exclusively, for the purpose of efficient portfolio management (that is for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risks). The use of derivatives may lead to higher volatility in the Net Asset Value per Ordinary Share and Ordinary Share price than might otherwise be the case.

### **Credit and counterparty 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, 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 securities for which the Company has paid and to pay for securities 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 involved and the credit quality of the brokers used. Substantially all of the assets of the Company other than cash deposits are held by the Depositary. Bankruptcy or insolvency of the Depositary might cause the Company's rights in respect of the securities held by the Depositary to be delayed or limited. The credit risk on liquidity funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings or with ratings that are reviewed by the Investment Manager. Bankruptcy or insolvency of any such financial institution may limit or delay the Company's ability to access cash placed on deposit.

### **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.

### **UK economic conditions**

Changes in the economic conditions in the UK where the Company predominantly invests (for example interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) could substantially and adversely affect the Company's prospects. Similarly, changes in economic conditions in other jurisdictions could also have indirect adverse effects on the Company's investment returns.

### **Due diligence**

Prior to investing, the Investment Manager will perform due diligence on the proposed investment. In doing so, it may, in certain circumstances, rely in part on information from third parties as a part of its due diligence process. To the extent that the Investment Manager underestimates or fails to identify risks and liabilities associated with the investment in question, this may impact on the profitability of the investment.

### **Foreign currency risks**

The Company's functional currency is pounds sterling. However, certain investments made by the Investment Manager may not be denominated in pounds sterling. Accordingly, the value of such investments may decline due to fluctuations in the exchange rates between pounds sterling and the currencies in which such investments are made. The risk to the Company of a decline in the value of its investments due to foreign exchange fluctuations may not be hedged.

### **Discount and premium control**

The Board monitors the level of the discount or premium to the NAV per Ordinary Share at which the Ordinary Shares trade. The ability of the Company to control the level of discount or premium will depend on the Company being able to buy back or issue Ordinary Shares, which will be dependent upon Shareholders in general meeting conferring authority on the Board to buy back or issue Ordinary Shares.

The Company has authority to buy back and/or issue shares when deemed to be in the best interests of Shareholders as a whole. The Board will seek renewal of these authorities from Shareholders annually and at other times should this prove necessary. However, there can be no guarantee that the requisite Shareholder approvals will be obtained.

The extent to which the Company can buy back and issue Ordinary Shares will be limited to certain percentages of the Company's issued share capital as at the date on which the authorities are granted.

The ability of the Company to buy back or issue Ordinary Shares will be subject to the Act and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Directors or the Company and, will be dependent on the availability of distributable reserves.

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

The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011. The Company aims to conduct its business so as to continue to satisfy the conditions to retain approval as an investment trust under section 1158 of the Tax Act. The Company will therefore continue to have investment trust status in each accounting period going forward,

unless the Company commits a serious breach of one of the conditions for qualification as an investment trust, and will be exempt from United Kingdom taxation on its capital gains. Breach of the conditions that the Company must meet to retain approval as an investment trust company could lead to the Company being subject to tax on capital gains which could have a material adverse effect on the financial condition of the Company.

### **Tax 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 Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of investors are based upon current tax law and practice, which are, in principle, subject to change.

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

### **Laws and regulations which may affect the Company**

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by national and local government. In addition, the Company is required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List. Any change in the laws and regulations affecting the Company, the Investment Manager or the Company's investments may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

### **Risks relating to the UK's proposed exit from the European Union**

The Company could face potential uncertainty as a result of the UK Government triggering Article 50 of the Treaty on the European Union on 29 March 2017. The exit, anticipation of the exit or the terms of the exit could create UK (and potentially global) uncertainty, which may have a material effect on the total shareholder returns, the Net Asset Value and the price of the Ordinary Shares favourably or unfavourably.

### **Packaged Retail and Insurance-based Investment Products ("PRIIPs")**

Investors should be aware that the PRIIPs regulation requires the Investment Manager, as a PRIIP manufacturer (as defined in the PRIIPs regulation), to prepare a key information document ("**KID**") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Investment Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns referred to in the KID are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

## **IMPORTANT INFORMATION**

### **General**

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, neither the delivery of this document nor any subscription made following receipt of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of this document or any subsequent communications from the Company, or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Placing Agent and the Sponsor by FSMA or the regulatory regime established thereunder, the Placing Agent and the Sponsor make no representations, express or implied, or accept any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by them or on their behalf in connection with the Company, the New Shares or the Placing Programme. The Placing Agent and the Sponsor accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they might otherwise have in respect of this document or any such statement.

In connection with the Placing Programme, the Placing Agent or any of its affiliates acting as an investor for its or their own account(s) may subscribe for New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Placing Programme or otherwise. Accordingly, references in this Prospectus to the New Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Placing Agent or any of its affiliates acting as an investor for its or their own account(s). The Placing Agent does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other adviser.

### **Regulatory information**

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

### **Investment considerations**

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory or investment decisions or any other matter. Prospective investors must inform themselves as to (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of an Ordinary Share, and the income from Ordinary Shares (if any), can go down as well as up. An investment in Ordinary Shares 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 may arise therefrom (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.

### **Forward looking statements**

To the extent that this document includes “forward looking statements” concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward looking statements are not guarantees of future performance. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 8 of Part 5 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, as appropriate.

### **Latest practicable date**

In this document, where the context requires, references to 1 July 2019 should be treated as being references to the latest practicable date prior to the publication of this document.

## Documents incorporated by reference

Those sections of the published annual reports and accounts of the Company for the four financial periods ended 31 December 2018 specified in the table below are incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts are either not relevant to investors or are covered elsewhere in this document. It should be noted that the annual report and accounts for the financial period ended 29 February 2016 relates, in part, to a financial period prior to the appointment of the Investment Manager in January 2016.

	<i>Annual Report and Accounts for year ended 29 February 2016 Page No.</i>	<i>Report and Accounts for period ended 31 December 2016 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2017 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2018 Page No.</i>
<b>Description of information</b>				
Financial Highlights	5	5	5	5
Chairman's Statement	6-7	6-7	6-8	6-7
Investment Manager's Review and Outlook	11-14	9-13	16-19	15-18
Investment Policy and Performance	15-19	14-18	9-11	8-11
Portfolio Analysis	21	20	13	13
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Statement of Comprehensive Income	52	50	55	56
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Notes to the Financial Statements	57-73	55-67	60-71	61-74

The documents incorporated by reference can be inspected at the Company's website [www.aurorainvestmenttrust.com](http://www.aurorainvestmenttrust.com), and as set out in paragraph 11 of Part 7 of this document.

## Data protection

The information that a new investor in the Company provides in documents in relation to a subscription for New Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party in the United Kingdom to whom the Company may delegate certain administrative functions in relation to the Company) and/or the Secretary in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Secretary for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Secretary to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA States to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom (as applicable).



If the Company (or any third party, functionary or agent appointed by the Company) and/or the Secretary discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data. A copy of any such contract is available on request by contacting the Registrar.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

### **Currency presentation**

Unless otherwise indicated, all references in this document to “GBP”, “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK.

### **Website**

The contents of the Company’s website ([www.aurorainvestmenttrust.com](http://www.aurorainvestmenttrust.com)), save to the extent that such content is incorporated by reference into this document, does not form part of this document. Investors should base their decision whether or not to invest in the New Shares on the contents of this document alone.

### **Governing law**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales.

### **Notice to prospective investors in the European Economic Area**

The New Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any EEA State other than the United Kingdom and subject to certain exceptions, the New Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any EEA State other than the United Kingdom. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

### **Notice to prospective investors in Jersey**

Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this document. Accordingly, the offer that is the subject of this document may only be made in Jersey where the offer is not an offer to the public or the offer is valid in the United Kingdom and is circulated into Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom as the case may be.

## EXPECTED TIMETABLE

### Placing Programme

Placing Programme opens	3 July 2019
Admission and dealings in New Shares commence	8 July 2019 to 2 July 2020
Publication of Placing Programme Price in respect of each Placing under the Placing Programme	the Business Day prior to the close of the relevant Placing
Crediting of CREST accounts in respect of New Shares	8.00 a.m. or as soon as practicable thereafter on each day New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	Approximately one week following the Placing of any New Shares

#### Notes:

- (i) *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 FCA and the London Stock Exchange and an announcement will be made through a Regulatory Information Service.*
- (ii) *All references to time in this document are to London time.*
- (iii) *New Shares will be issued pursuant to the Placing Programme only at such times (if any) as the Directors believe it is advantageous to Shareholders to do so. New Shares will be issued pursuant to the Placing Programme only during the period commencing at 8.00 a.m. on 8 July 2019 and ending at 5.00 p.m. on 2 July 2020.*

## ISSUE STATISTICS

Number of Ordinary Shares in issue as at the date of this document	64,859,316
Maximum number of New Shares that may be issued under the Placing Programme	57,000,000
Placing Programme Price per New Share	1.25 per cent. premium to the Net Asset Value per Ordinary Share one Business Day prior to the close of the relevant Placing

## DEALING CODES

ISIN	GB0000633262
SEDOL	0063326
TIDM	ARR
LEI	2138007OUWIZFMAGO575

## DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS

<b>Directors</b>	Lord Howard Flight ( <i>Chairman</i> ) Richard Martin The Honourable James Nelson David Stevenson Steven Tatters  all non-executive and of Mermaid House, 2 Puddle Dock, London EC4V 3DB
<b>Registered Office</b>	Mermaid House 2 Puddle Dock London EC4V 3DB
<b>Investment Manager and AIFM</b>	Phoenix Asset Management Partners Limited 64-66 Glenthams Road Barnes London SW13 9JJ
<b>Secretary</b>	PraxisIFM Fund Services (UK) Limited Mermaid House 2 Puddle Dock London EC4V 3DB
<b>Corporate Broker and Placing Agent</b>	Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
<b>Solicitor and Sponsor</b>	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Legal Adviser to the Placing Agent</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Auditors</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
<b>Registrar</b>	Link Asset Services 6th Floor 65 Greasham Street London EC2V 7NQ
<b>Depository</b>	BNP Paribas Securities Services, London Branch 10 Harewood Avenue London NW1 6AA

## PART 1

### AURORA INVESTMENT TRUST PLC

#### Introduction

The objective of the Company is to achieve long-term returns through capital and income growth by investing predominantly in a portfolio of UK listed companies.

The Company appointed Phoenix Asset Management Partners Limited as its investment manager on 28 January 2016. The Investment Manager was established in 1998 by Gary Channon and had approximately £936 million of assets under management as at 31 May 2019. The core investment team of the Investment Manager have worked together for over 16 years.

The Company's investment portfolio is concentrated, typically consisting of between 15 and 20 investments in UK listed companies. The Company's benchmark is the FTSE All-Share Total Return Index.

#### Details of the Placing Programme

The Placing Programme has been proposed by the Directors to increase the size of the Company. In addition the Placings may improve the liquidity of the Ordinary Shares by attracting new investors. The Directors will apply the net proceeds of any Placing in accordance with the Company's investment policy.

Under the Placing Programme, subject to compliance with the Act and the Articles, the Company is proposing to issue a maximum of 57 million New Shares.

#### Investment strategy

The Company's investment strategy is to buy shares in high quality businesses at times when they are out of favour and the Investment Manager considers that the share price is low. This is likely to mean that, often, the future intrinsic value of the investment portfolio is being increased the most when the Company's Net Asset Value and/or the Share price is falling. These falls might be exaggerated in a bear market. The investment approach is likely to result in periods of significant volatility and divergence from the market but the Investment Manager does not believe that higher volatility means higher risk. Phoenix believe that the long-term value of a business is driven by the underlying fundamentals of the business and not the share price. Phoenix believe that extensive knowledge of the fundamentals of a business mitigate the investment risk. Where a business is identified as having strong business fundamentals, Phoenix view low share prices as an opportunity to buy more shares.

The following table shows the track record of the Company since 1 March 2013 to 31 May 2019:

	NAV Return %	Share Price Total Return %**	FTSE All-Share Total Return Index %***	Relative NAV to FTSE All-Share Total Return Index
<i>Performance</i>				
2019	6.2	7.7	9.0	-2.8
2018	-10.3	-10.9	-9.5	-0.9
2017	20.4	21.2	13.1	7.3
2016	6.6	12.0	16.8	-10.1
<i>Cumulative*</i>	15.1	20.8	19.5	-4.4
2015	-2.3	4.3	0.9	-3.2
2014	-11.3	-10.6	1.2	-12.5
2013	3.6	14.2	20.8	-17.2

\* Since the appointment of Phoenix in January 2016

\*\* Share price return with dividends reinvested

\*\*\* FTSE All-Share Total Return Index with dividends reinvested

Source: Phoenix Asset Management Partners Limited

Whilst the Company, as with the markets, has experienced share price falls recently, Phoenix has not been deterred. World equity markets fell significantly in the final quarter of 2018 which in turn further impacted the UK market. In particular the UK economy has and continues to struggle with the uncertainties surrounding Brexit. Notably JP Morgan created a basket of UK stocks from across a number of sectors but focused on the UK economy to track the impact of Brexit and that basket fell by 17 per cent. in 2018. These factors have directly impacted the performance of the Company however, as with the previous negative return years that Phoenix has worked through, the Directors believe that a strong positive performance will follow due to Phoenix's long term investment approach. In addition, Phoenix has a strong ethos of investing in companies based upon the intrinsic value of businesses and the Investment Manager believes that the price falls that are currently being experienced do not impact such value and as such should be viewed as opportunities to add value and will assist with the strong performance that they anticipate will follow this down period.

Phoenix's strong long term investment approach is further illustrated in the table below that shows the track record of the Phoenix UK Fund which is managed by Phoenix. Phoenix UK Fund has a similar investment strategy as that of the Company.

	<i>Gross Return (%)</i>	<i>Net Return (%)</i>	<i>FTSE All-Share Total Return Index (%)**</i>	<i>Relative NAV to FTSE All-Share Total Return Index (%)</i>
<i>Performance</i>				
Cumulative since inception*	875.0	480.0	184.9	295.1
Since inception annualised*	11.4	8.7	5.1	3.6

\* Data from 30 April 1998 to 31 May 2019

\*\* FTSE All-Share Total Return Index with dividends reinvested

Further details of the Investment Manager's investment approach are set out in Part 3.

### **Investment portfolio**

As at 1 July 2019 (being the latest practicable date prior to the publication of this document) the Company's portfolio comprised investments with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of £119,406,673 and £5,496,862 of cash.

The investment policy permits the Company to invest predominantly in listed UK companies and has no pre-defined maximum or minimum exposure levels for holdings or sectors. Recent areas of focus have included: UK housebuilding, fast moving consumer goods, steel flow control, spirits, UK supermarkets, UK pubs, insurance, airlines, UK sports retail and funeral services.

At the Company's annual general meeting held on 6 June 2018, Shareholders approved amendments to the Company's investment policy permitting investments in companies listed outside the UK (up to 20 per cent. of the Company's gross assets at the time of the investment) and unlisted securities (up to 10 per cent. of the Company's gross assets at the time of the investment).

The Company currently holds one unquoted investment which is an investment in Phoenix SG Limited, the vehicle through which the Company invests in Stanley Gibbons plc. At the time this investment was made it represented approximately 5.5 per cent. of the Company's gross assets.

The Board is currently considering a proposal from the Investment Manager for the Company to make a second unquoted investment. The investment would be made into a special purpose vehicle which would acquire shares in a business currently owned by Gary Channon. Under the proposal Gary will transfer his shares for no consideration and would have no further direct economic participation in the investment following the transfer. In addition Gary has agreed to reimburse the Company for any loss that may be suffered on the initial investment amount. The investment will be capped to ensure that the 10 per cent. limit in relation to unlisted securities in the investment policy is not breached.

A full breakdown of the current portfolio by sector is contained on page 45 of this document.



The Company's portfolio, as at 1 July 2019 (being the latest practicable date prior to the publication of this document), was as follows:

	<i>Valuation (£)</i>	<i>% of Portfolio</i>
Easyjet plc	13,422,564	11.24%
Sports Direct International	11,222,649	9.40%
Dignity plc	10,750,443	9.00%
Randall & Quilter Investment	10,412,117	8.72%
Lloyds Banking Group	9,344,514	7.83%
Bellway plc	9,270,442	7.76%
Tesco plc	9,093,927	7.62%
GlaxoSmithKline plc	7,632,483	6.39%
Phoenix SG Limited	7,225,480	6.05%
Vesuvius plc	6,220,556	5.21%
Redrow plc	5,960,044	4.99%
Hornby plc	5,318,395	4.45%
Wetherspoon (JD) plc	3,998,027	3.35%
Morrison (WM) Supermarkets	3,652,861	3.06%
Barratt Developments plc	2,516,002	2.11%
CPP Group plc	2,265,000	1.90%
Ryanair Holdings plc	1,101,170	0.92%
	<u>119,406,673</u>	<u>100%</u>

There has been no significant change in the holdings that make up the Company's portfolio from 1 July 2019 to the date of this document.

### **Investment outlook**

The Board believes that the long-term investment outlook for the Company is positive and will be principally determined by two factors: firstly, how "cheap" the portfolio is at prevailing market prices compared to the Investment Manager's estimate of its true or "intrinsic" value; and, secondly, the strong 21 year track record that the Investment Manager has of buying cheap stocks that converge with their intrinsic value over time.

The Board believes that the Investment Manager's rational stock picking approach will continue to generate favourable investment results over the long-term. The track record of the Investment Manager has been achieved over a period that has included several periods of considerable geopolitical and economic uncertainty including the end of the "dot-com bubble", the 2003 Iraq war and the global financial crisis in 2008.

## PART 2

### THE COMPANY IN DETAIL

#### Investment objective and policy

##### *Investment objective*

The Company's objective is to provide Shareholders with long-term returns through capital and income growth.

##### *Investment policy*

The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:

- The maximum permitted investment in companies listed outside the UK at cost price is 20 per cent. of the Company's gross assets.
- The maximum permitted investment in unlisted securities at cost price is 10 per cent. of the Company's gross assets.
- There are no pre-defined maximum or minimum sector exposure levels but these sector exposures are reported to and monitored by, the Board in order to ensure that adequate diversification is achieved.
- The Company's policy is not to invest more than 15 per cent. of its gross assets in any one underlying issuer.
- The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than ten per cent. in aggregate of the gross assets of the Company in other listed closed-ended investment funds.
- The Company will not invest in any other fund managed by the Investment Manager.

While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will consist of holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purpose of capital preservation.

The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the Company would be restricted to 30 per cent. of the aggregate of the paid up nominal capital plus the capital and revenue reserves.

Any material change to the investment policy of the Company will only be made with the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

#### Directors

The Directors, each of whom is non-executive and, save for Mr Tatters, independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and for the overall supervision of the Company. The Board does not consider it appropriate to have a schedule of matters reserved for the Board, as explained further in the section titled "Managerial, administration and depositary arrangements" below. The Directors are as follows:

**Lord Flight MA, MBA (Chairman):** Lord Flight has worked in the financial services industry for over 40 years. He cofounded Guinness Flight Global Asset Management in 1986. In 1998, upon Guinness Flight's acquisition by Investec, he became Joint Chairman of Investec Asset Management Limited. He was the

MP for Arundel and South Downs from 1997 to 2005; was Shadow Chief Secretary to the Treasury between 2000 and 2004 and a member of the Shadow Cabinet. He was appointed to the House of Lords in January 2011. He is Chairman of the EIS Association and of Flight & Partners; he has been a non-executive director of Metro Bank plc and Investec Asset Management Limited and of a number of other companies in the financial services sector. He is also a Commissioner of the Guernsey Financial Services Commission and was a member of the House of Lords EU Finance and Economics Committee from 2010 to 2015.

**The Honourable James Nelson:** The Honourable James Nelson has had a long career in the financial service sector, working in banking with Morgan Guaranty Trust Company of New York (the predecessor to JP Morgan) in investment management with Foreign & Colonial, where he was a director of F&C Management Limited, and in private equity with Graphite Capital Management Limited as a founding partner. He has held many non-executive directorships, more recently with the Henderson Smaller Companies Investment Trust Plc, Syncora Guarantee (UK) Limited and Intermediate Capital Group Plc. He is a past chairman of the British Private Equity & Venture Capital Association and is currently chairman of the McGill University Trust.

**Richard Martin:** Richard Martin is an adviser to various family groups and he was also chairman of BMO Managed Portfolio Trust plc until 31 December 2018. Previously he was CIO and adviser to T. Bailey Asset Management Limited, a position held for fourteen years, and was chairman of the investment committee of the National Trust for Scotland.

**David Stevenson:** David Stevenson is a columnist for the Financial Times, Investment Week and Money Week and author of a number of books on investment matters. He was the founding director of Rocket Science Group. Currently he is a director of SQN Secured Income Fund Plc, Gresham House Energy Storage Fund Plc, AltFi Limited and Brismo Limited and a strategy consultant to a number of asset management firms and investment banks.

**Steven Tatters:** Steve Tatters is a Director of Phoenix Asset Management Partners. He joined Phoenix as a Director in 2004 and acts as its Chief Operating Officer responsible for Business Development, Compliance & Operations and Investor Relations. He has worked in financial services for over 28 years, beginning at Nomura International PLC in London and Hong Kong. He held various roles in the Operations and Equity trading areas before he was appointed Co-Head of the Equity and Equity Derivatives Trading teams in 1998. He initially combined his role at Phoenix with managing new and existing private company investments at Channon & Co, a private investment company owned by Gary Channon.

## **Capital structure**

The Company's share capital is comprised only of Ordinary Shares, all of which are listed on the premium segment of the Official List and admitted to trading on the Main Market. Shareholders are entitled to such dividends (if any) as are announced by the Company and are entitled, on a return of capital by way of a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities.

At the annual general meeting of the Company held on 10 June 2019, the Directors were granted authority to allot Ordinary Shares up to an aggregate nominal amount of £3,048,611. The provisions of the Act which would confer pre-emption rights in respect of such allotments were also disapplied in respect of the allotment or issue out of treasury of Ordinary Shares up to an aggregate nominal value of £3,048,611 for the period of 15 months from the passing of the resolution or up until the conclusion of the next annual general meeting of the Company, whichever is earlier. As at the date of this document, 3,887,094 such Ordinary Shares had been issued and accordingly the Directors' remaining authority to issue new Ordinary Shares on a non-pre-emptive basis for cash extends to 8,307,350 Ordinary Shares. The Directors will seek to renew these authorities at the annual general meeting of the Company to be held in June 2020. In addition, at the General Meeting the Directors were granted authority by Shareholders to allot up to 57 million Ordinary Shares on a non pre-emptive basis in relation to the Placing Programme.

## **Dividend policy**

The Company does not have any formal policy to achieve any specified level of dividend. However, the Board will distribute substantially all the net revenue arising from the investment portfolio. Accordingly, the Company expects to pay an annual final dividend but the amount of such dividend (if any) may vary each year.

## **Borrowings and gearing**

The Company has the power under its Articles to borrow money. The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the Company would be restricted to 30 per cent. of the aggregate of the paid up nominal capital plus the capital and revenue reserves.

## **Duration**

As the Company is a long-term investment vehicle it does not have a fixed life. However, the Articles currently require the Board to put an ordinary resolution to the Shareholders to approve the continuation of the Company as an investment trust at each third subsequent annual general meeting of the Company after the annual general meeting held in 2014. Following the appointment of Phoenix in January 2016, the Board announced that they would not propose a continuation vote at the annual general meeting held on 8 June 2017. At the annual general meeting held on 10 June 2019 Shareholders approved the continuation of the Company. It is the intention of the Board that the next continuation vote will be put to Shareholders at the annual general meeting of the Company to be held 2022.

## **Discount and premium control**

The Board is aiming to achieve an Ordinary Share price over the long-term that reflects the level and movement of the Net Asset Value per Ordinary Share. This is intended to be achieved in the following ways.

- The Company will use clear and transparent communication that seeks to attract new and existing investors to invest and keep investing in the Company.
- Execution of the stated investment strategy and the delivery of excellent long-term investment returns in excess of most peers and the benchmark.
- The Company intends to buy back shares when the discount to Net Asset Value per Ordinary Share is persistent and a share buy back represents the appropriate use of Shareholders' funds.

The Directors have been given authority, in accordance with the Act, by Shareholders to allot new Ordinary Shares for cash on a non pre-emptive basis. The Company has in place a block listing which it utilises from time to time to meet demand in the market. The Company intends to continue to utilise the block listing following expiry of this Prospectus. The Directors will seek renewals of this authority annually and at other times should this prove necessary.

At the Company's most recent annual general meeting on 10 June 2019, the Company was granted the authority to buy back up to 9,139,736 Ordinary Shares. As at the date of this document, the Company has not purchased any Ordinary Shares pursuant to this authority. Any buy back of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. The Directors are authorised to cancel any Ordinary Shares purchased under this authority or to hold them in treasury. Purchases of Ordinary Shares will be made only through the market for cash at prices below the prevailing Net Asset Value per Ordinary Share (as last published). Such purchases will also be made only in accordance with the rules of the FCA, which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made, nor less than the nominal value of an Ordinary Share.

It is the intention of the Directors that the share buy back authority will be used to purchase Ordinary Shares if the discount to Net Asset Value per Ordinary Share is persistent and the Directors consider it appropriate. However, this will not require the Directors to take any steps that would require the Company to make a tender offer for its Ordinary Shares. Shareholders are referred to the risk factors on pages 12 to 17 of this document. The Directors will seek renewal of these authorities at its next annual general meeting that will take place in June 2020.

At the General Meeting the Directors were given authority to allot up to a maximum of 57 million New Shares on a non pre-emptive basis in relation to the Placing Programme.

## PART 3

### INVESTMENT MANAGER AND ADMINISTRATION

#### **Investment Manager**

The Company's portfolio is managed by Phoenix Asset Management Partners Limited. Phoenix uses a "value investing" approach to buy high quality businesses that it considers are temporarily cheap. Phoenix has delivered excellent long-term investment returns since being established by Gary Channon in 1998. Since 1998 to 31 May 2019 the approach has delivered a return to investors, net of all fees and expenses, of 8.7 per cent. annualised, among the best for any UK Equities strategy regardless of fund structure. The annualised gross return before the deduction of fees and expenses has been 11.4 per cent. The FTSE All-Share Total Return Index has delivered 5.1 per cent. over the same period.

#### *Investment approach*

Phoenix believes that there are a number of distinctive elements to its approach that are responsible for its investment success.

**Patience** – Phoenix identifies shares in high quality businesses that it would like to own and then waits for the opportunity to buy at an attractive "value" price. The waiting period can vary from several months to more than ten years.

**Humility** – The investment team has made some mistakes over the last 21 years and realises that it will make mistakes in the future. The research process is improved and modified on an ongoing basis to help prevent Phoenix repeating the same mistakes.

**Rational capital allocation** – Phoenix deploys the greatest amount of capital in what it has identified as the best opportunities. It uses a disciplined phasing approach to portfolio construction, ensuring that the portfolio weights reflect a number of factors, including the level of confidence in the investment thesis, the price (or "value") and the level of fundamental business risk. This phasing approach results in large percentage weights in what Phoenix believes are the best ideas. These will sometimes be stocks that are reviled by much of the stock market.

**Running winners** – In 2008, the investment team conducted a review of the first ten years (since inception in 1998) of investment performance. The review showed that although Phoenix's research analysis and buying discipline was effective and had resulted in a good performance track record, investments were generally sold too early. Changes were made to the investment process and the investment team now believes that a substantial component of the investment return comes from having developed a more sophisticated and patient approach to selling investments. In practice, this means that when Phoenix has gone to great lengths to identify a great investment they will sell more slowly if the investment thesis holds.

**Team continuity** – Gary Channon has been Chief Investment Officer at Phoenix since founding the business in 1998. Key members of the Investment Team include Charlotte Maby (Director, Research) who has worked with Gary since 2000 and James Wilson who has worked at Phoenix since 2013. In addition, Steven Tatters, Chief Operating Officer of Phoenix has worked with Gary since 1993.

**Long-term thinking** – Phoenix believes that the stock market is prone to strong negative reactions to short-term bad news. The investment team works to understand if the reaction is justified, or whether the market has overreacted. Phoenix might determine that an overreaction has occurred if evidence suggests that the long-term prospects for the business remain intact.

**Rigorous and consistent research** – The Phoenix investment process has evolved over 21 years. There are several distinct stages and they are applied to every potential investment. At the centre of the process is a comprehensive manual that codifies Phoenix's analysis. It is called the Dynamic Relative Evaluation & Assessment Manual (DREAM for short).

**100 per cent. proprietary research** – Phoenix never uses broker or "sell side" research. Its thinking and decisions are informed entirely by the investment team's own work. This ensures clear analysis based on demonstrable facts and reduces the influence of "crowd thinking" and popular opinion.



**Business-like investing** – When evaluating a business, Phoenix thinks as if it owns the entire company. This means thinking about the nuts and bolts of how a business earns its returns. Establishing whether it has pricing power, together with understanding the marginal competitive dynamic, are two important considerations in this process.

**Business-like research** – Phoenix thinks that desk based work is necessary, although in many instances, has limitations. For example, desk based investors tend to rely on official company announcements, formal (i.e. stage managed) investor events, the media and stock brokers. Phoenix supplements these sources with more uncommon research methods, including: reading trade journals, mystery shopping, attending trade shows and conferences and interviewing competitors and customers. Phoenix believes that these research techniques provide an information advantage over its competitors.

**Monitoring programmes** – The investment team at Phoenix dedicates most of the time allocated for research purposes to monitoring the existing portfolio of investments. Every stock in the portfolio has a monitoring programme that is designed to ensure that the investment thesis continues to hold. This is important because this is where the capital is “at risk”. Examples of what a monitoring programme might involve are:

1. **Sports retail:** Phoenix invested in a large sports retailer with a UK and European business. The investment case assumed that the retailer is a first class business with significant operational advantages over its competitors. Phoenix has undertaken many “mystery shopping” visits across Europe and the UK to observe and assess the trading performance of the business. The findings of these visits are also used to help the investment team engage in a meaningful dialogue with the executive management of the business.
2. **House building:** Phoenix invested in a large UK house builder in 2008/9, at a time when the general narrative for the sector was negative. Phoenix’s investment case assumed (among other things) that the business was generating more cash than the consensus expectations of stock market analysts. Phoenix tested its hypothesis by monitoring, in real time, revenue generated on two hundred housing developments (over half the business) across the UK. Phoenix visited building sites, posing as interested buyers, receiving information about available houses on a plot-by-plot basis. Phoenix made accurate revenue estimates by comparing the movement in specific stock availability between two time periods. From this Phoenix estimated group revenue.
3. **Specialist retailing:** Phoenix conducted an investigation into the operational health and morale of the UK and US divisions and potential investments in such sector. Phoenix visited dozens of stores in both countries and established the potential threat from an emerging competitor, poor service standards and disillusioned consumers. Phoenix used the findings of the investigation to engage in a detailed, high quality dialogue with the executive team. A series of changes and improvements to the business followed.
4. **UK supermarket retail:** Phoenix invested in a large UK supermarket business. Part of the investment case relies on a belief that the German discounters, Lidl and Aldi, pose less of a long-term threat than many commentators believe. Part of Phoenix’s research to support this thesis is to frequently visit supermarkets in the UK and Europe to monitor the service standards and trading performance of the business and its major competitors. The work reinforced Phoenix’s hypothesis that Lidl and Aldi will face constraints on expanding beyond a certain size in the UK and that their long-term disruptive influence in the UK is likely to be somewhat less than many analysts fear.

**Circle of competence** – Over the last 21 years, Phoenix has developed expertise in certain sectors, including: UK housebuilding, fast moving consumer goods, spirits, UK supermarket retailing, UK leisure, hobby retailing, airlines, steel flow control, insurance and UK sports retail. It believes that the best investment returns will be generated by sticking to what it knows and rejecting potential investments that are in sectors which are outside its expertise.

**Behavioural psychology** – Phoenix uses many aspects of behavioural psychology to improve judgement in the decision making process, including minimising the impact of human biases. A few examples include:



- All stocks in the portfolio are periodically subjected to a comprehensive “devil’s advocate” process. Each stock is re-evaluated as if Phoenix did not own it; two analysts present opposing cases to the investment team; one analyst makes the case “for”, the other makes the case “against”.
- Phoenix recognises that company valuation is not an exact science and therefore stocks in the portfolio are valued using a range of scenario outcomes to prevent the investment team succumbing to “certainty bias”, which can happen if too much emphasis is placed on a single outcome.
- Phoenix have observed that “loss aversion bias” can distort company analysis. For example, a business might distract attention from a loss making division by focusing on divisions that are performing better. Phoenix believes as investors are loss averse and therefore vulnerable to focusing on the good news rather than the bad. Phoenix’s research process warns the analyst to beware situations where this phenomena may exist, and to be extra vigilant in such scenarios.

**Discipline** – All the above factors depend on the investment team continuing to follow the same investment approach in a disciplined and consistent way.

This investment approach results in a low turnover, concentrated portfolio that although volatile in the short-term, has delivered strong long-term returns.

#### *Investment team*

The core investment team of the Investment Manager has been together for over 16 years. The investment team at Phoenix comprises the following individuals:

**Gary Channon** founded Phoenix in 1998 and has been the fund manager of Phoenix UK Fund since launch. He has 29 years of financial markets experience in fixed income and equities with spells at Nikko, Goldman Sachs and Nomura prior to Phoenix. Gary started investing when he was 12 but his epiphany came in 1995 when he discovered Warren Buffett’s investment philosophy.

**Charlotte Maby** joined Phoenix in 2000 and is Deputy Portfolio Manager as well as a senior research analyst. Prior to joining Phoenix, Charlotte was an accountant with Ernst & Young. She specialises in the fast moving consumer goods industries as well as grocery retail, banking and engineering. She holds a Masters in Mechanical Engineering from the University of Birmingham and a Manufacturer and Management degree from the University of Illinois. During her studies she also spent two years working in industry at Alvis Aerospace and Proctor & Gamble.

**James Wilson** joined Phoenix as a research analyst in May 2013 after spending three years as an equity analyst with Aviva Investors in a pan European role covering the telecommunication, media and technology, construction and tobacco sectors. He has passed all three levels of the CFA program and holds a M.Eng (hons.) degree in Civil Engineering from the University of Durham.

**Freddie Martin** joined Phoenix in 2016 as a research analyst. After graduating from the University of Manchester with a BA (Hons) in Business Studies and Economics, Freddie worked at the online retailer Rapha, initially as an Assistant Financial Accountant before moving into a role as a Process Improvement Analyst, reporting on business efficiency to the Head of Finance and Chief Operating Officer.

**Graham Shircore** joined Phoenix as a research analyst in 2017. In 2005 he joined the graduate scheme at Aviva Investors as a UK Equity Analyst. Having passed all three levels of the CFA exam, he became a UK Equity Fund Manager in 2008 and later also managed European Funds. In 2013 he joined Rothschild Wealth Management as a Senior Equity Analyst where he helped shape and implement the equity research process, investing on a geographically unconstrained basis.

**Ben Ellis** joined in February 2018. He has a BA Honours degree in Business and Management. After leaving University, he joined a small café chain with three locations where he helped manage and improve business efficiency. Following this, Ben moved into business analyst role with an online wedding list solutions provider, which involved work across all areas of the business, ultimately helping to improve efficiency during a time of significant growth.

**Daniel Carter** joined in August 2018. He graduated from the University of Bath with a BSc (Hons) in Economics in June 2018. During his time as a student, Dan completed multiple internships within the investment management industry.

## **Managerial, administration and depositary arrangements**

### *Managerial arrangements*

The Board has appointed Phoenix Asset Management Partners Limited as its alternative investment fund manager in accordance with the AIFM Directive under the Investment Management Agreement. The Investment Management Agreement is terminable by either party on 12 months' notice or on shorter notice in certain circumstances.

Under the terms of the Investment Management Agreement, the Investment Manager does not earn an ongoing annual management fee but is entitled to a performance fee. The performance fee is equal to one third of the outperformance of the Company's Net Asset Value total return (including dividends and adjusted for the impact of share buy backs and the issue of new shares) over the FTSE All-Share Total Return Index for each financial year (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The Company's Net Asset Value total return is based on the weighted number, and Net Asset Value, of the Shares in issue over the relevant performance period.

The total performance fee will be capped at four per cent. per annum of the Net Asset Value of the Company at the end of the relevant financial year in the event that the Net Asset Value per Ordinary Share has increased in absolute terms over the period and two per cent. in the event that the Net Asset Value per Ordinary Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years save where the Investment Management Agreement is terminated by the Company other than for fault in which case any carried forward performance fee will be paid without application of the cap.

The performance fee will also be subject to a clawback, including on termination of the Investment Management Agreement. Under the clawback, where a performance fee is earned, there follows a fixed three year period at the end of which a test is performed on the performance of the Company. If at the time the test is performed it is found that overall the Company has under performed during the fixed three year period the clawback shall apply. If triggered, this would require the Investment Manager to transfer back to the Company some or all of the Ordinary Shares it received in satisfaction of the performance fee. The clawback will continue to apply following termination of the Investment Management Agreement.

The performance fee is payable to the Investment Manager in Ordinary Shares (issued at the Net Asset Value per Ordinary Share on the date of issue) and such Ordinary Shares must be retained by the Investment Manager for a minimum period of three years from the date of issue unless the Investment Management Agreement is terminated. It is intended that the performance fee will be charged to the capital reserves of the Company.

No performance fee was earned by the Investment Manager for the year ended 31 December 2018. As described above, the performance fee is calculated on a cumulative basis and can only be earned after any underperformance in the previous year has been caught-up. As at 31 December 2018, the cumulative underperformance of the Company, for the purposes of calculating the performance fee, since the appointment of Phoenix was 4.4 per cent. The cumulative underperformance of the Company for the year ending 31 December 2019 was 13.36 per cent. as at 1 July 2019.

Further details of the terms of the Investment Management Agreement are set out in paragraph 8.1 of Part 7 of this document.

### *Administration arrangements*

All secretarial and administrative services are provided by PraxisIFM Fund Services (UK) Limited pursuant to the Administration Agreement. The Secretary is entitled to receive a fixed fee of £40,000 per annum together with a variable fee of 0.075 per cent. of the Company's net assets up to £100 million and 0.025 per cent. of the Company's net assets above £100 million (calculated at the end of each calendar month) per annum subject to a minimum overall fee of £6,500 per month plus VAT payable monthly in arrears for the provision of secretarial services to the Company.

Further details of the terms of the Administration Agreement are set out in paragraph 8.3 of Part 7 of this document.

### *Depositary arrangements*

BNP Paribas Securities Services, London Branch has been appointed as the Company's depositary. The Depositary is responsible for, amongst other things, the safe keeping of the Company's assets. The Depositary has arranged for the safe keeping of the Company's financial instruments and settles (directly or through sub-custodians) all transactions relating to those financial instruments on behalf of the Company. The Depositary is paid an annual fee calculated as 0.015 per cent. of the value of the Company's assets up to £150 million and 0.012 per cent. of the value of the Company's assets above £150 million subject to a minimum of £25,000 per annum. The Depositary is also entitled to fees for safe keeping and other services.

Further details of the terms of the Depositary Agreement are set out in paragraph 8.2 of Part 7 of this document.

### *Delegation of authority*

There is no schedule of matters specified as being reserved for the Board since the Board effectively reviews all aspects of the Company's governance on an ongoing basis and is of a sufficiently small size to decide upon such matters as a full Board.

The Board has contractually delegated to external parties, including the Investment Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the Company's assets), the registration services and the accounting and company secretarial requirements.

### **Annual expenses**

The Company has incurred, and will continue to incur, administrative expenses, including, *inter alia*, audit fees, Directors' fees, depositary fees, regulatory fees, directors' and officers' liability insurance premiums and printing costs.

It is estimated that the total expenses of the Company for the financial year ending 31 December 2019 (excluding the costs of the Placing Programme) will not exceed £570,000, being 0.46 per cent. of the Company's net asset value as at 1 July 2019. This figure excludes any performance fee that may be paid to the Investment Manager.

### **Accounting policies**

The performance fee payable under the Investment Management Agreement will be charged to the capital reserves of the Company.

### **Corporate governance**

The Chairman and each of the other Directors (except Mr Tatters) is independent of the Investment Manager, and each of the Directors is non-executive. Mr Tatters is not considered to be independent of the Investment Manager for the purposes of the Listing Rules as he is a director of the Investment Manager. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the Investment Manager. There is, therefore, no chief executive officer.

The Company is committed to high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is appropriate for the Company and allows it to meet its obligations in relation to the UK Code by complying with the AIC Code. The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the provisions and principles of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The Company complied in its most recent financial year, and continues to comply, with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as disclosed below.

### *The Board*

The size and structure of the Board is such that it is considered unnecessary to identify a senior independent director other than the Chairman, who is de facto the senior independent director.

The Board has considered the issue of boardroom diversity and in principle supports a policy of greater diversity. With only four independent positions to fill, it has not to date proved possible to give practical effect to such a policy.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can be of benefit to the Board. The Board concurs with the view expressed in the AIC Code that “independence stems from the ability to make those objective decisions that may be in conflict with the interests of management”. The Articles require that directors are subject to re-election at a maximum interval of three years but the Board has decided as a matter of Company policy that the Directors are required to retire and, if appropriate, seek re-election annually. The Board is not controlled by long serving Directors. The Board considers that the benefits of experience and seniority are particularly important and generally help promote independent performance by directors in carrying out their duties. The Board considers that none of the Directors’ other commitments interfere with the discharge of their duties to the Company and the Board is satisfied that they are capable of devoting sufficient time to the Company.

The UK Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. The Board arranged for an objective evaluation of its performance during the period ended 31 December 2016 to be carried out by means of a written questionnaire circulated by the Secretary. This evaluation was completed during October and November 2016. The Board considered the detailed results of the survey and concluded that no major changes were required to the composition and operation of the Board.

### *Audit committee*

The audit committee, chaired by Mr Martin and consisting of all the other Directors except for Mr Tatters, meets at least twice per year. The principal role of the audit committee is to monitor and review the integrity of the half-yearly and annual financial statements and to consider the appointment of the auditor and internal control procedures, including those of the Investment Manager and Secretary.

### *Nominations committee*

The nominations committee, chaired by Mr Nelson and comprising all of the other Directors except for Mr Tatters, considers the appointment of new Directors. The nominations committee will meet as and when required.

### *Remuneration and management engagement committee*

The remuneration and management engagement committee, chaired by Mr Nelson, considers the level of fees paid to Directors and considers issues related to the engagement of the Investment Manager and other service providers, making recommendations as appropriate to the Board. Since all the executive functions of the Company are delegated to service providers, issues concerning the remuneration of those functions relate to the payment of service providers rather than of directors or employees. The committee therefore considers whether amounts paid to service providers are appropriate, with particular reference to those contracted to the Company on a continuing basis, including the Investment Manager, and whether those contracts should be maintained. When considering issues related to Directors’ fees and the remuneration of service providers other than the Investment Manager, the remuneration and management engagement committee comprises all the Directors. Mr Tatters stands down from the committee when the investment management contract is under discussion. The criteria which are taken into consideration when reviewing the performance of the Investment Manager are as follows:

- The performance of the Company.
- Quality of team – the skills and particularly the experience of the team involved.
- Commitment to the investment trust sector generally and to the Company in particular.

- Investment management skills – experience, track record, use of gearing, knowledge of currency issues and other investment related considerations.
- General management skills – understanding of administrative and financial issues and working relationship with the Secretary.
- Shareholder relations – consciousness of and commitment to Shareholders' needs and objectives, share price awareness and discount management.
- Reasonableness of the Investment Management Agreement – fees, notice period and duties.

### **Conflicts of interest**

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company.

The Investment Manager will have regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Manager has put in place effective organisational and administrative arrangements to ensure that reasonable steps are taken to prevent a conflict giving rise to a material risk of damage to the interests of its clients. In addition, where the Investment Manager pays or accepts any fee or commission, or provides or receives any non-monetary benefit in relation to its investment services, the Investment Manager takes care to ensure that such benefits do not place it or any third party firm in a situation which would not be in compliance with the general duty to act in accordance with the best interests of their clients.

The Investment Manager maintains a firm-wide conflicts matrix which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts. This is subject to annual review and approval by the board of Phoenix.

### **Reports to Shareholders and Net Asset Value per Ordinary Share**

Following the appointment of Phoenix in January 2016 the Company changed its accounting reference date from 28/29 February to 31 December to align its accounting period with that of its Investment Manager. Reports and accounts were prepared for the 10 month period from 29 February 2016 to 31 December 2016 and since then the annual report and accounts of the Company have been prepared to 31 December each year. The Company's annual report and accounts are prepared in accordance with IFRS. Copies of the annual report and accounts are sent to Shareholders in April of each year and annual general meetings of the Company are held in June of each year. Shareholders also receive an unaudited interim report covering the first six months of each financial year of the Company.

The Net Asset Value per Ordinary Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. The calculation of the Net Asset Value per Ordinary Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

### **Taxation**

The Company has been approved by HM Revenue & Customs as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the Tax Act and accordingly the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates but double taxation relief may be available on overseas income.

A guide to the general UK taxation position as at the date of this document is set out in Part 6 of this document.

**If you are in any doubt as to your taxation position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.**



## PART 4

### DETAILS OF THE PLACING PROGRAMME

#### Placing Programme

The Company intends to issue New Shares by way of a Placing Programme. Under the Placing Programme the Company will issue a maximum of 57 million New Shares.

The Placing Agent, following consultation with the Company and the Investment Manager, will determine the identity of Placees in the Placing Programme.

The number of New Shares available under the Placing Programme is intended to provide flexibility and should not be taken as an indication of the number of New Shares to be issued. The Directors will apply the net proceeds of the Placing Programme in making investments that have been identified by the Investment Manager in accordance with the Company's investment objective and policy.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission of the New Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

Under the Placing Programme New Shares may be issued from 8.00 a.m. on 8 July 2019 until 5.00 p.m. on 2 July 2020. The issue of New Shares pursuant to the Placing Programme is at the discretion of the Directors. Any New Shares issued pursuant to the Placing Programme will rank *pari passu* in all respects with the existing Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares). The Placing Programme will not be underwritten.

Any issue of New Shares under the Placing Programme will be notified by the Company through a Regulatory Information Service and the Company's website prior to each Admission.

The procedure for, and the terms and conditions of, application under the Placing Programme are set out in Part 8 of this document.

#### Conditions

To become effective, each Placing under the Placing Programme will require the following events to occur:

- (i) the appropriate Shareholder authority for the issue of New Shares in relation to any Placing remaining in place;
- (ii) the Admission Condition being satisfied pursuant to such Placing; and
- (iii) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

In circumstances where these conditions are not fully met, the relevant issue of New Shares pursuant to the Placing Programme will not take place.

#### Placing Programme Price

The Placing Programme Price will be calculated by applying a premium of 1.25 per cent. to the Net Asset Value per Ordinary Share as at close of business one Business Day prior to the close of the relevant Placing. The Placing Programme Price will be announced through a Regulatory Information Service on the Business Day prior to the close of the relevant Placing.



### **Admission and dealings**

Applications will be made to the FCA for admission of any New Shares issued under the Placing Programme to the Official List. Applications will also be made for those New Shares to be admitted to trading on the Main Market. It is expected that such admission and dealings in the Ordinary Shares issued pursuant to the Placing Programme would commence in the period from 8 July 2019 to 2 July 2020.

The New Shares will be issued in registered form and may be held in uncertificated form. The New Shares will be issued through the CREST system unless otherwise stated and will be eligible for settlement through CREST with effect from their Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the applicants concerned or their nominees with their respective entitlements to the New Shares. The names of applicants or their nominees that invest through their CREST accounts would be entered directly on to the share register of the Company.

Dealings in the New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

Any New Shares issued will be denominated in sterling.

### **Dilution**

Existing Shareholders are not obliged and may not have the opportunity to participate in the Placing Programme. Existing Shareholders who do not participate in the Placing Programme will suffer dilution to the percentage of the issued share capital that their existing holding represents based on the actual number of Ordinary Shares issued.

If 57 million New Shares, being the maximum number of New Shares that could be issued, are issued under the Placing Programme, Shareholders will suffer a dilution of approximately 88 per cent. to their existing percentage holdings.

New Shares will be issued at a premium of 1.25 per cent. to the NAV per Ordinary Share at the relevant time. This premium is expected to be sufficient to cover the anticipated costs and expenses to be incurred by the Company in connection with any issue under the Placing Programme, and the Investment Manager has agreed to meet any shortfall in relation to the fixed costs. Accordingly, although any issue of New Shares pursuant to the Placing Programme may be dilutive to an Existing Shareholder's ownership in the Company, it is not expected to result in any dilution to the NAV per Ordinary Share.

### **Subscriber warranties**

Each subscriber for New Shares in the Placing Programme and each subsequent investor in the New Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 in Part 8 of this document.

The Company, the Investment Manager, the Placing Agent and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by an investor are no longer accurate or have not been complied with the investor must immediately notify the Company.

### **Purchase and transfer restrictions**

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or the Placing Agent.

The Company has elected to impose the restrictions described in Part 8 of this document on the Placing Programme and on the future trading of the New Shares so that the Company will not be required to register the offer and sale of the New Shares under the US Securities Act and will not have an obligation

to register as an investment company under the US Investment Company Act and related rules and also to address certain ERISA, US Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Shares to trade such securities. The Company and its agents will not be obliged to recognise any resale or other transfer of the New Shares made other than in compliance with the restrictions described below.

The New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act. There will be no public offer of the New Shares in the United States. The New Shares are being offered and sold outside the United States to non-US Persons in reliance on Regulation S.

Moreover, the Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. No offer, purchase, sale or transfer of the New Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

## PART 5

### FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

#### 1. Introduction

Statutory accounts of the Company (prepared in accordance with IFRS) for the four financial periods ended 31 December 2018, in respect of which the Company's auditors, Grant Thornton UK LLP, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 or section 497 of the Act, did not contain any statement under section 498(2) or (3) of the Act. Copies of the statutory accounts of the Company for the four financial periods ended 31 December 2018 are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and at the registered office of the Company until 2 July 2020.

Following the appointment of Phoenix as the Company's investment manager in January 2016, the Company's accounting reference date was changed from 28/29 February to 31 December to bring it in line with other funds managed by Phoenix.

#### 2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual reports and audited accounts of the Company for the four financial periods ended 31 December 2018 is expressly incorporated by reference into this document. It should be noted that the annual report and accounts for the financial period ended 29 February 2016 relates, in part, to a financial period prior to the appointment of the Investment Manager in January 2016. The non-incorporated parts of these annual reports of the Company are either not relevant to investors or covered elsewhere in this document.

	<i>Annual Report and Accounts for year ended 29 February 2016 Page No.</i>	<i>Report and Accounts for period ended 31 December 2016 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2017 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2018 Page No.</i>
<b>Description of information</b>				
Financial Highlights	5	5	5	5
Chairman's Statement	6-7	6-7	6-8	6-7
Investment Manager's Review and Outlook	11-14	9-13	16-19	15-18
Investment Policy and Performance	15-19	14-18	9-11	8-11
Portfolio Analysis	21	20	13	13
Analysis of Investments	—	—	—	—
Independent Auditors' Report	46-49	44-48	48-53	48-54
Statement of Comprehensive Income	52	50	55	56
Balance Sheet	53	51	56	57
Statement of Changes in Equity	54-55	52	57-58	58-59
Cash Flow Statement	56	54	59	60
Notes to the Consolidated Financial Statements	57-73	55-67	60-71	61-74

### 3. Selected historical financial information

The information in this paragraph 3 has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 5. Selected historical financial information relating to the Company which summarises the financial condition of the Company for the four financial periods ended 29 February 2016, 31 December 2016, 31 December 2017 and 31 December 2018 is set out in the following table:

	<i>Year ended 29 February 2016</i>	<i>Period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2018</i>
<b>Net Asset Value</b>				
Net assets (£'000)	18,440	51,438	87,373	100,996
Net Asset Value per Ordinary Share (p)	162.30	172.66	205.72	182.24
<b>Ordinary Share price (p)</b>	158.00	173.50	208.00	183.00
<b>Income</b>				
Revenue return after expenses and taxation (£'000)	204	636	1,306	2,502
Revenue return per Ordinary Share (p)	1.95	3.00	3.67	4.99
Dividend per Ordinary Share (p)	1.00	2.00	2.75	4.00
<b>Ongoing charges</b>				
As a percentage of average total Shareholders' funds	2.48%	1.04%	0.54%	0.44%
<b>Portfolio summary</b>				
Shareholders' funds (£'000)	18,440	51,438	87,373	100,996
<b>NAV/Share price returns</b>				
Net Asset Value return	4.50%	6.38%	19.1%	-10.3%
Ordinary Share price return	7.12%	9.81%	19.9%	-10.9%

During the four financial periods ended 31 December 2018 (being the last financial period of the Company for which financial information has been published) and subsequent to 31 December 2018, there has been no significant change to the Company's financial condition or its operating results, save for increases in the Company's net assets: (i) from 22 March 2016 to 31 December 2016 due to the issue of Ordinary Shares under an initial placing and placing programme announced on 22 March 2016; (ii) from 5 September 2017 to 4 September 2018 due to the issue of Ordinary Shares under an initial placing, offer for subscription, intermediaries offer and a placing programme announced on 5 September 2017; and (iii) pursuant to the issue of Ordinary Shares under the Company's block listing.

### 4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Review and Outlook", "Portfolio Analysis" and "Analysis of Investments" in the annual reports and accounts of the Company for the four financial periods ended 31 December 2018 as follows:

<i>Description of information</i>	<i>Annual Report and Accounts for year ended 29 February 2016 Page No.</i>	<i>Annual Report and Accounts for period ended 31 December 2016 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2017 Page No.</i>	<i>Annual Report and Accounts for year ended 31 December 2018 Page No.</i>
Chairman's Statement	6-7	6-7	6-8	6-7
Investment Manager's Review and Outlook	11-14	9-13	16-19	15-18
Portfolio Analysis	21	20	13	13
Analysis of Investments	—	—	—	—

## 5. Significant change

Since 31 December 2018 (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 Company.

## 6. Net proceeds and expenses of the Placing Programme

The Investment Manager has agreed to reimburse the Company for all fixed costs in relation to the Placing Programme that are not covered by the premium to the Net Asset Value per Ordinary Share at which the New Shares are issued. The fixed costs (which include the Documentation Costs) of the Placing Programme are estimated to be £161,200 (including any VAT).

## 7. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 31 December 2018:

	31 December 2018 (£'000)
<b>Total current debt</b>	—
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
<b>Total non-current debt</b>	—
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
<b>Shareholders' equity</b>	
– Share capital	13,855
– Legal reserves (excl. revenue reserves)	77,943
– Other reserves (excl. revenue reserves)	11,573
<b>Total</b>	<u>103,371</u>

The information in the table above is audited financial information extracted from the annual report and accounts as at 31 December 2018. There has been no material change to the capitalisation of the Company since 31 December 2018 (being the last date in respect of which financial information has been published by the Company).

The following table shows the Company's net indebtedness as at 1 July 2019:

	£'000
A. Cash	5,223
B. Cash equivalent	—
C. Trading securities	119,407
D. <b>Liquidity (A+B+C)</b>	124,630
E. <b>Current financial receivable</b>	274
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
I. <b>Current financial debt (F+G+H)</b>	—
J. <b>Net current financial indebtedness (I-E-D)</b>	(124,356)
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
N. <b>Non-current financial indebtedness (K+L+M)</b>	—
O. <b>Net financial indebtedness (J+N)</b>	(124,356)

The information in the table above is unaudited financial information extracted from internal management accounting records as at 1 July 2019.

## 8. Working capital

The Company is of the opinion that, taking into account its existing cash resources, the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).

## 9. Net Asset Value

The unaudited Net Asset Value per Ordinary Share as at 1 July 2019 was 192.58 pence.

## 10. Analysis of investment portfolio

As at 1 July 2019 (being the latest practicable date prior to the publication of this document), the Company's portfolio comprised investments with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of £119,406,673 and £5,496,862 of cash. The following tables show the distribution of the portfolio by asset class and sector as at 1 July 2019.

<i>By asset class</i>	<i>% of Total Assets</i>	
Listed equities	93.95%	
Unlisted equities	6.05%	
	100%	

  

<i>By Sector</i>	<i>Valuation (£)</i>	<i>% of Portfolio</i>
Retail	12,746,788	10.68%
Construction	17,746,487	14.86%
Finance	22,021,631	18.44%
Leisure	24,867,694	20.83%
Industrial	19,643,120	16.45%
Consumer Services	10,750,443	9.00%
Food and beverage	3,998,027	3.35%
Pharmaceutical	7,632,483	6.39%
	119,406,673	100%

The Company's 17 holdings, as at 1 July 2019 (being the latest practicable date prior to the publication of this document), were as follows:

	<i>Valuation (£)</i>	<i>% of Portfolio</i>
Easyjet plc	13,422,564	11.24%
Sports Direct International	11,222,649	9.40%
Dignity plc	10,750,443	9.00%
Randall & Quilter Investment	10,412,117	8.72%
Lloyds Banking Group	9,344,514	7.83%
Bellway plc	9,270,442	7.76%
Tesco plc	9,093,927	7.62%
GlaxoSmithKline plc	7,632,483	6.39%
Phoenix SG Limited	7,225,480	6.05%
Vesuvius plc	6,220,556	5.21%
Redrow plc	5,960,044	4.99%
Hornby plc	5,318,395	4.45%
Wetherspoon (JD) plc	3,998,027	3.35%
Morrison (WM) Supermarkets	3,652,861	3.06%
Barratt Developments plc	2,516,002	2.11%
CPP Group plc	2,265,000	1.90%
Ryanair Holdings plc	1,101,170	0.92%
<b>Total</b>	<b>119,406,673</b>	<b>100%</b>

The information in this paragraph 10 is unaudited information on the Company, which has been extracted from internal management accounting records held by the Company and has not been reported on by an accountant.

There has been no significant change in the holdings that make up the Company's portfolio from 1 July 2019 to the date of this document.

## PART 6

### TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder or investor. They are based upon the United Kingdom law and HM Revenue & Customs practice currently in force, and relate only to the position of Shareholders who are beneficial owners of their Ordinary Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the Company.

#### 1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011, which came into force on 1 January 2012, and have applied to the Company from its accounting period beginning 1 September 2012. The Company will therefore continue to have investment trust status in each accounting period going forward, other than to the extent that the Company commits a serious breach of one of the conditions for qualification as an investment trust, and will be exempt from United Kingdom taxation on its capital gains. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company at any time in that accounting period. The Directors do not anticipate that the Company will be a close company.

The Company will, however, be liable to UK corporation tax on its income profits in the normal way, with dividend income generally being exempt from UK corporation tax. Income arising from overseas investments may be subject to withholding taxes under the appropriate domestic legislation in the country in which the investment is situated. Depending on the specific investment, double taxation relief may be available against the Company's UK corporation tax liability in relation to withholding taxes suffered on overseas income.

#### 2. Shareholders

##### 2.1. Taxation of capital gains

Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. On such a disposal by an individual Shareholder who is resident in the UK for taxation purposes, a rate of tax of 20 per cent. for individuals who pay income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the annual exemption in respect of the first £12,000 of capital gains realised in the financial year 2019/20).

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK capital gains tax arising from the sale or other disposal of their Ordinary Shares unless (in the case of a corporate shareholder) those Ordinary Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

##### 2.2. Taxation of dividends

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £2,000 (tax year 2019/2020). Dividends received in excess of this threshold will be taxed, for the fiscal year 2019/20 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).



In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to UK corporation tax or UK income tax in respect of dividends, except in certain circumstances.

Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside the UK. Under current legislation, no withholding tax will be deducted from any dividends paid by the Company.

### **3. Stamp duty and stamp duty reserve tax**

An agreement to transfer Ordinary Shares through CREST will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. However, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, stamp duty reserve tax at the rate of 1.5 per cent. is applicable to the value of the consideration paid. If an instrument of transfer of the Ordinary Shares is subsequently executed (if the Ordinary Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. Where the transferor is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, stamp duty at the rate of 1.5 per cent. is applicable to the value of the consideration paid. In either case, the duty paid will be rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

When Ordinary Shares are transferred in CREST, there will be no stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration paid).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

### **4. SIPPs and SSASs**

Ordinary Shares will be permitted investments for SIPPs and SSASs.

## PART 7

### GENERAL INFORMATION

#### 1. The Company and its service providers

- 1.1. The Company was incorporated and registered in England and Wales on 10 January 1997 as a public company limited by shares under the Companies Act 1985 with registered number 03300814. Ordinary Shares in the Company were first admitted to listing in March 1997. The Company operates under the Act and regulations made under the Act. Its registered office is at Mermaid House, 2 Puddle Dock, London EC4V 3DB (telephone number: +44 (0)20 7490 4355). Save for its compliance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules, the Company is not a regulated entity.
- 1.2. In accordance with the Act, the objects of the Company are unrestricted.
- 1.3. The Investment Manager is a company incorporated in England and Wales under the Companies Act 1985 on 20 February 1998 with registered number 03514660. The Investment Manager's registered office is at 64-66 Glenthams Road, Barnes, London SW13 9JJ (telephone number: +44 (0)208 600 0100). The Investment Manager is authorised and regulated by the FCA with firm reference number 186871.
- 1.4. BNP Paribas Securities Services, London Branch acts as depositary to the Company. The Depositary is responsible for the safe keeping of the Company's assets. The Depositary is a company incorporated in France registered at the Companies Register of Paris with registered number 552 108 011 acting through its London branch which is registered in England and Wales with registered number FC023666. The Depositary's registered office is at 3, rue d'Antin, 75002, Paris, France and the office of its London branch is at 55 Moorgate, London EC2R 6PA. The Depositary is authorised by the PRA and regulated by the FCA and PRA with firm reference number 206940.

#### 2. Share capital and indebtedness

- 2.1. The issued share capital of the Company (all of which issued Ordinary Shares will be fully paid-up) as at the date of this document and immediately following completion of the Placing Programme (assuming the maximum number of New Shares are issued) will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal value</i>
<b>As at the date of this document</b>		
Ordinary Shares	64,859,316	£0.25
<b>Immediately following Admission of all of the New Shares</b>		
Ordinary Shares*	121,859,316	£0.25

\* Assuming that the maximum number of New Shares available under the Placing Programme are issued and that no Ordinary Shares are repurchased by the Company.

As at the date of this document, no Ordinary Shares are held by the Company in treasury. The Company has no authorised share capital and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company

- 2.2. The following changes have occurred in the share capital of the Company between 1 March 2015 and 31 December 2018:
- 2.2.1. in the financial year from 1 March 2015 to 29 February 2016 the Company issued 964,810 Ordinary Shares from treasury;
- 2.2.2. in the financial period from 1 March 2016 to 31 December 2016 the Company issued 10,542,166 new Ordinary Shares and 3,029,520 Ordinary Shares from treasury;

- 2.2.3. in the financial year from 1 January 2017 to 31 December 2017 the Company issued 12,529,198 new Ordinary Shares; and
- 2.2.4. in the financial year from 1 January 2018 to 31 December 2018 the Company issued 12,974,545 new Ordinary Shares.
- 2.3. As at 1 March 2015, the Company had in issue 14,391,389 Ordinary Shares and, as at 31 December 2018, the Company had in issue 55,446,048 Ordinary Shares.
- 2.4. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.5. At the general meeting of the Company held on 9 April 2019, the Directors were authorised as follows:
  - 2.5.1. in addition to all existing authority, generally and unconditionally, pursuant to and in accordance with section 551 of the Act, to exercise all powers of the Company to allot new ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, new ordinary shares up to an aggregate nominal value of £14,250,000, being equal to approximately 100 per cent. of the issued share capital of the Company as at 11 March 2019, for the purposes of the Placing Programme, such authority to expire on 31 July 2020, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred thereby had not expired; and
  - 2.5.2. in addition to any pre-existing authority, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority noted in paragraph 2.5.1 above or by way of a sale of treasury shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that this power:
    - (i) shall expire on 31 July 2020, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities (including by way of sale of treasury shares) as if such expiry had not occurred; and
    - (ii) shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal value of £14,250,000 (representing approximately 100 per cent. of the issued share capital of the Company as at 11 March 2019).
- 2.6. The Company has authority to buy back up to 9,139,736 Ordinary Shares. The Company has not purchased any Ordinary Shares pursuant to this authority.
- 2.7. The provisions of section 561 of the Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply to the unissued capital of the Company except as referred to in paragraphs 2.5.2 above.

### **3. Articles**

The Ordinary Shares (which at the date of this document are the only class of share of the Company in issue) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 3. The Articles contain provisions, *inter alia*, to the following effect:

#### **3.1. Dividends**

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members and no dividend shall exceed the amount recommended by the Board. The Board may also pay such interim dividends as appear to it to be justified by the profits of the Company available for distribution and may also pay any dividend payable at a fixed rate at intervals set by the Board whenever the profits of the Company available for distribution justifies its payment.

Any dividend unclaimed for a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

In the event that any call or other sum immediately payable by a member in respect of any Ordinary Share remains unpaid or a section 793 notice (as detailed in paragraph 3.2.2 below) has been served, and the person holding the relevant Ordinary Share(s) holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) due on those restricted Ordinary Share(s).

### 3.2. *Voting*

#### 3.2.1. *General voting rights*

Holders of Ordinary Shares shall be entitled to receive notice of and to attend and vote at all general meetings of the Company in person (or, if a corporation, by a duly authorised representative) or by proxy. At any general meeting, on a show of hands every holder of Ordinary Shares who is present and entitled to vote shall have one vote and upon a poll every such holder present in person, by duly authorised corporate representative or by proxy shall have one vote in respect of each Ordinary Share held by him and every corporate representative present in person may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every Ordinary Share in respect of which he is appointed the corporate representative. However, no member shall be entitled to exercise a vote at any general meeting (or class meeting) (i) in relation to an Ordinary Share if any call or other sum immediately payable by him in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Ordinary Shares if a member has been served with a section 793 notice by the Directors in the manner described in paragraph 3.2.2 below and has failed to supply to the Company the information required thereby within 14 days.

#### 3.2.2. *Restrictions on voting*

If a holder of Ordinary Shares or any person appearing to be interested in those Ordinary Shares is served with a statutory notice by the Company under section 793 of the Act (which notice demands the disclosure of certain information regarding the recipient's interest in the Ordinary Shares) but defaults in supplying to the Company the information thereby required within 14 days of the service of such notice then the Directors may serve on the holder of those Ordinary Shares a further notice (a "section 793 notice") the effect of which is, *inter alia*, to prevent the holder from voting at any general meeting or class meeting of the Company in respect of those Ordinary Shares.

### 3.3. *Redeemable ordinary shares*

The Company may (subject to the Act and any special rights conferred on the holders of any other ordinary shares) issue ordinary shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of the ordinary share and the Board is authorised to determine the terms, conditions and manner of redemption of any such ordinary shares.

### 3.4. *Transfer of Ordinary Shares*

The Articles provide that Ordinary Shares may be transferred on the following basis:

- 3.4.1. any member may transfer all or any of his uncertificated Ordinary Shares by means of a relevant system in such manner provided for, and subject as provided in the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Share to be transferred; and
- 3.4.2. any member may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the

holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.

However, the Board may, in its absolute discretion (or renunciation of a renounceable letter of allotment) decline to register any transfer of any Ordinary Share which is not fully paid provided that where such Ordinary Share is admitted to the Official List such discretion may not be exercised in such a way as to prevent dealings in Ordinary Shares of that class from taking place on an open and proper basis.

The Board may also decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in the Uncertificated Securities Regulations 2001 and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In relation to certificated Ordinary Shares, the Board may also decline to register any transfer unless:

- (i) the instrument of transfer is left at the registered office of the Company or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the Ordinary Share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
- (ii) (if stamp duty is generally chargeable on transfers of certificated Ordinary Shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;
- (iii) the instrument of transfer is in respect of only one class of share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Ordinary Share is to be transferred does not exceed four.

The Board may in addition decline, subject to the requirements of the Uncertificated Securities Regulations 2001, to register the transfer of an Ordinary Share subject to a restriction notice (as detailed in paragraph 3.2.2 above) where the person holding the restricted Ordinary Shares holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company. This restriction cannot be applied where the transfer is pursuant to an "arm's length sale".

### 3.5. *Variation of rights*

All or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company (described at paragraph 3.11 below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum, that every holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

### 3.6. *Reduction of capital*

Subject to the provisions of the Companies Act and to any rights for the time being attached to any Shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other distributable reserve in any manner permitted by law.

### 3.7. *Untraced Shareholders*

Subject to various notice requirements, the Company may sell on the London Stock Exchange at the best price reasonably obtainable any certificated Ordinary Share provided that for a period of 12 years at least three cash dividends on those Ordinary Shares have become payable and no such cash dividend has been claimed by presentation at a bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of (or person entitled to) the Ordinary Shares or otherwise been transferred through CREST (or another relevant service), and so far as the Directors are aware the Company has not received any communication during the relevant period from the holder of, or person entitled to, those Ordinary Shares.

### 3.8. *Capital reserve*

The Board shall establish a reserve to be called the “capital reserve” and shall either carry to the credit of such reserve all capital appreciations arising on the sale, realisation, transposition, payment off of or revaluation of any investment or other capital asset of the Company (including, for the avoidance of doubt, any increase in value of any investments in any subsidiary undertaking or amounts that may be paid by way of subscription, capital contribution or otherwise under any subscription or similar agreement or arrangement) in excess of the book value thereof and all other monies in the nature of accretion to capital. Any loss realised on the sale, realisation, transposition, repayment or revaluation of any investments or other capital assets and any other sum incurred in connection with the assets of the Company (including, for the avoidance of doubt, any diminution in the value of any investments in any subsidiary undertaking or amounts that may be paid by way of subscription, capital contribution or otherwise under any subscription or similar agreement or arrangement) and any other sums incurred in connection with the management of the assets of the Company (including any proportion of the expenses of the management or administration of the Company’s investments or of the finance costs of any borrowings of the Company), which in the opinion of the Board is reasonably and fairly apportioned to capital, may be carried to the debit of the capital reserve except in so far as the Directors may in their discretion decide to make good the same out of other reserves of the Company, together in each case with any taxation relevant to the same.

Subject to the Act and without prejudice to the foregoing generality, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other.

### 3.9. *Borrowing powers*

The Board may, subject to the restrictions set out below, exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital (subject to the provisions of the Companies Act regarding authority to allot debentures convertible into Shares), or any part thereof, and to issue debentures and other securities whether out right or as collateral security for any debt liability or obligation of the Company of any third party.

The Board shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as they can secure by such exercise) that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate amount (including any premium payable in final repayment outstanding of all monies borrowed by the Company and subsidiary undertaking or undertakings for the time being of the Company) then exceeds or would as a result of such borrowing exceed an amount equal to 30 per cent. of the aggregate of: (i) the amount paid up on the share capital of the Company; and (ii) the total of the capital and revenue reserves of the Company (including any share premium account, capital redemption reserve and credit balance on the combined profit and loss account) but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiary undertakings of the Company and



deducting any debit balance on the combined profit and loss account all as shown in the then latest audited consolidated balance sheet of the Company, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Company since the date of its latest audited balance sheet.

No person dealing with the Company or any of its subsidiary undertakings in good faith shall, by reason of the foregoing provisions, be concerned to see or inquire whether the limit imposed by the Articles is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or the security was given, the express notice that the said limit had been or would thereby be exceeded.

### *3.10. Directors*

#### *3.10.1. Number of Directors*

The minimum number of Directors is two unless and until otherwise determined by the Company by ordinary resolution and there is no limit on the maximum number of Directors.

#### *3.10.2. Appointment and removal of Directors*

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Board may also appoint any person to the Board (either as an addition or to fill a vacancy) for the period from the date of appointment until the next annual general meeting.

One-third of the Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation at each annual general meeting. Any Director who was elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If there are fewer than three Directors, one Director shall retire from office.

The Company may remove a Director at any time by ordinary resolution. The office of Director shall also be vacated if:

- (i) he resigns his office by notice in writing; or
- (ii) he ceases to be a Director by virtue of company law, is removed from office pursuant to the Articles or becomes prohibited by law from being a Director; or
- (iii) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction; or
- (iv) an order is made by any court of competent jurisdiction on the ground (howsoever formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his affairs or he becomes a patient for any purpose of any statute relating to mental health and the Board resolves that his office be vacated; or
- (v) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or
- (vi) he is requested to resign by notice in writing authenticated by all the other Directors.

#### *3.10.3. Directors' fees, expenses and remuneration*

The fees paid to Directors for their services as Directors shall not exceed £150,000 per annum in aggregate or such higher amount as the Company may by ordinary resolution determine. A Director may also be paid his reasonable travelling, hotel and other expenses incurred by him in or about the performance of his duties as Director, including any



expenses incurred in attending Board meetings or any committee of the Board or general or class meetings of the Company. A Director who performs or renders any special duties or services which, in the opinion of the Board, are outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office may be paid such additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board (or any committee thereof) may think fit.

#### *3.10.4. Directors' interests*

Subject to the Act and provided the Director has disclosed to the Board the nature and extent of his material interest, a Director, notwithstanding his office:

- (i) may hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company on such terms as to remuneration (whether by way of salary, commission, participation in profits or otherwise) and otherwise as the Board may determine;
- (ii) may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;
- (iii) may be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such body corporate and no such office, employment or contract shall be liable to be avoided on the ground of any such interest or benefit.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he has an interest which, taken together with any interest of any person connected with him, is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted (subject to certain exceptions provided under the Articles).

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Board may authorise the matter, on such terms as they may determine, provided that:

- (i) the Director has declared the full nature and extent of the situation to the Board; and
- (ii) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed to if that conflicted Director's vote had not been counted.

Any authorisation given by the Board under the Articles may provide that, where the interested Director obtains (other than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or use it in relation to the Company's affairs in circumstances where to do so would amount to breach of confidence.

Subject to the Act and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on Directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

#### *3.10.5. Voting and quorum*

Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

#### *3.11. General meetings*

Annual general meetings and general meetings shall be convened by such notice as may be required by law from time to time. The notice shall specify the place, day and time of the meeting, the general nature of the business to be transacted, any procedures as to attendance and voting and, if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or any restrictions imposed on any Ordinary Shares they hold, are not entitled to receive such notices from the Company, to the Directors and to the Auditors and to any other person who may be entitled to receive it.

The Board may, from time to time, make such arrangements for the purpose of controlling the level of attendance and ensuring the safety at any place specified for the holding of a general meeting as they shall, in their absolute discretion, consider appropriate, and may from time to time vary any such arrangements or make any new arrangements in place of them, provided that the entitlement of a member to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board.

The Board may direct that persons wishing to attend any meeting should provide evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to, or to eject from, such meeting any person who fails to provide such evidence or submit to such searches or otherwise to comply with such security arrangements or restrictions.

#### *3.12. Alteration of share capital and purchase of shares*

The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe.

The Company may from time to time, subject to the provisions of the Act, purchase its own shares (including any redeemable shares) in any manner authorised by the Act.

Subject to the Articles and the Act, the Company may by ordinary resolution: (i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (ii) subdivide all or any of its shares into shares of a smaller amount; or (iii) re-denominate its share capital by converting shares from having a fixed nominal value in one currency to have a fixed nominal value in another currency.

### 3.13. *Duration*

The Directors shall put an ordinary resolution to the Shareholders to approve the continuation of the Company as an investment trust at each third subsequent annual general meeting of the Company after the annual general meeting held in 2014. The next continuation vote will be put to Shareholders at the annual general meeting of the Company in 2019.

## 4. **Directors' and other interests**

- 4.1. The aggregate of the remuneration paid and benefits in kind granted to the Directors by the Company for the financial period which ended on 31 December 2018 was £81,250 (being £26,250 to Lord Flight (the Chairman), £17,500 to Mr Nelson, £17,500 to Mr Stevenson and £20,000 to Mr Martin). Mr Tatters is an employee of Phoenix and it has been agreed with Phoenix and Mr Tatters that he will take no remuneration from the Company. The Directors' fees are reviewed annually and may be increased in line with fees paid by comparable investment trusts. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the Directors by the Company for the current financial period ending 31 December 2019 will not exceed £81,250. The total remuneration and benefits in kind granted to the Directors will not be varied as a consequence of the Placing Programme. No Director is eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company to provide pension, retirement or similar benefits.
- 4.2. Any new Directors appointed during the year must stand for election at the first annual general meeting following their appointment. Thereafter, as a matter of Company policy, each of the Directors is obliged to retire and, subject to a performance evaluation, if they wish, offer themselves for re-election annually. Mr Martin joined the Board on 8 September 2010. Lord Flight and Mr Nelson joined the Board on 18 July 2011. Mr Stevenson and Mr Tatters joined the Board on 2 February 2016 and 10 July 2018 respectively. None of the Directors' letters of appointment contain notice periods or provisions for any compensation being payable upon early termination by the Company.
- 4.3. No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company as at 1 July 2019 (being the latest practicable date prior to the publication of this document).
- 4.4. No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 4.5. The Directors do not have any options over Ordinary Shares. As at the date of this document, the interests of the Directors in the issued share capital of the Company were as follows:

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Lord Flight	43,000	0.12%
Richard Martin	30,100	0.08%
The Honourable James Nelson	40,000	0.11%
David Stevenson	9,466	0.03%
Steven Tatters	—	—

- 4.6. As at close of business on 1 July 2019, the Company was aware of the following notifiable interests in the issued share capital of the Company:

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Rothschild and Co. Wealth Management (UK) Limited	10,852,617	16.73%
Brewin Dolphin Limited	3,271,677	6.19%
Myddleton Croft Limited	2,209,699	3.89%

The Directors are not aware of any person or persons who currently does or who, following the Placing Programme, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.

- 4.7. Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years preceding the date of this document are as follows:

	<i>Current Directorships</i>	<i>Previous Directorships</i>
Lord Flight	Downing Four VCT plc Edge Performance VCT plc The EIS Association The Elgar Foundation Flight & Barr Limited Flight & Partners Limited Marechale Capital plc Mercantile Ports & Logistics Limited The Monarchist Movement Trust Limited R5FX Ltd	Arden Partners EBT Limited Arden Partners plc CIM Investment Management Limited Investec Asset Management Limited Investec Asset Management Holdings Limited Metro Bank plc
Richard Martin	The Corra Foundation	BMO Managed Portfolio Trust plc Montanaro European Smaller Companies Trust plc Odysseus Capital Management Limited Odysseus Projects Limited (dissolved) Schroder Split Investment Fund plc (dissolved) Schroder Split Zdp plc (dissolved) Upgrade Properties Limited (in liquidation) Victory VCT plc (dissolved)
James Nelson	82 Tachbrook Street RTM Company Limited McGill University Trust	Hadleigh Limited (dissolved) The Henderson Smaller Companies Investment Trust plc Intermediate Capital Group plc Prosight Speciality Underwriters Ltd. Syncora Guarantee (U.K.) Limited
David Stevenson	321 Publishing and TV Limited Altifi Data Limited Altifi Limited ETF Stream Limited Planet Sports Rights Limited SQN Secured Income Fund plc Stockmarkets Digest Limited Windhorse Aerospace Limited	Coalition Partners Limited (dissolved) Investment Compass Limited (dissolved) Irichmedia Limited (dissolved) Planet Yomp Limited (dissolved) Portfolio Review Limited (dissolved) Rocket Science TV Limited (dissolved) Rockit Media Limited (dissolved) Vidualise Limited (dissolved) Watering Hole Media Limited (dissolved) Wealthview Limited (dissolved) Wild Wiki Limited (dissolved)
Steven Tatters	Phoenix Asset Management Partners Limited	None

4.8 As at the date of this document, none of the Directors:

- 4.8.1 has any convictions in relation to fraudulent offences for at least the previous five years;
- 4.8.2 has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.7 above; or
- 4.8.3 has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.9. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties save in respect of Mr Tatters. All of the Directors, save for Mr Tatters, are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

## **5. Subsidiary undertakings**

The Company has no subsidiary undertakings.

## **6. Related party transactions**

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the four financial periods ended 31 December 2018 in respect of which the Company has published statutory accounts or during the period from 31 December 2018 to the date of this document, other than: (i) those disclosed in notes 3, 11 and 17 to the financial statements of the Company for the four financial periods ended 31 December 2018; and (ii) the Investment Management Agreement.

## **7. Mandatory bids, squeeze-out and sell-out rules**

### **7.1. Mandatory bids**

As a company incorporated in England and Wales with shares admitted to trading on the Main Market, the Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of the Company or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of the Company exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

### **7.2. Squeeze-out and sell-out rules**

Other than as provided by the Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares. Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Ordinary Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Ordinary Shares not assented to the offer. It would do so by sending a



notice to the other holders of Ordinary Shares telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of those Ordinary Shares subject to the transfer. The consideration offered to the holders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the Ordinary Shares (in value and by voting rights, pursuant to a takeover offer that relates to all the Ordinary Shares in the Company) to which the offer relates, any holder of Ordinary Shares to which the offer relates who has not accepted the offer may require the offeror to acquire his Ordinary Shares on the same terms as the takeover offer.

The offeror would be required to give any holder of Ordinary Shares notice of his right to be bought out within one month of that right arising. Such sell out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of Ordinary Shares notifying them of their sell out rights. If a holder of Ordinary Shares exercises their rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **8. Material contracts**

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, to which the Company has been a party within the two years preceding the date of publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

- 8.1. The Investment Management Agreement dated 28 January 2016 pursuant to which Phoenix has agreed, subject to the overall policy and supervision of the Directors and such directions as the Directors may give from time to time, to advise upon investments in accordance with the Company's investment policy with effect from 28 January 2016.

Under the terms of the Investment Management Agreement, the Investment Manager does not earn an ongoing annual management fee but is entitled to a performance fee. The performance fee is equal to one third of the outperformance of the Company's Net Asset Value total return (including dividends and adjusted for the impact of share buy backs and the issue of new shares) over the FTSE All-Share Total Return Index, for each financial year (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The Company's Net Asset Value total return is based on the weighted number, and Net Asset Value, of the Ordinary Shares in issue over the relevant performance period.

The total performance fee will be capped at 4 per cent. per annum of the Net Asset Value of the Company at the end of the relevant financial year in the event that the Net Asset Value per Ordinary Share has increased in absolute terms over the period, and 2 per cent. in the event that the Net Asset Value per Ordinary Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years save where the Investment Management Agreement is terminated by the Company other than for fault in which case any carried forward performance fee will be paid without application of the cap.

The performance fee will also be subject to a clawback, including on termination of the Investment Management Agreement. Where a fee is earned, there follows a fixed three year period at the end of which a test is performed on the performance of the Company. If at the time the test is performed it is found that overall the Company has under performed in the fixed three year period the clawback shall apply. The clawback, if triggered, would require the Investment Manager to transfer back to the Company some or all of the Ordinary Shares it received in satisfaction of the performance fee. The clawback will continue to apply following termination of the Investment Management Agreement.



The performance fee is payable to the AIFM in Ordinary Shares (issued at the Net Asset Value per Ordinary Share on the date of issue) and such Ordinary Shares must be retained by the AIFM for a minimum period of three years from the date of issue unless the Investment Management Agreement is terminated. It is intended that the performance fee will be charged to the capital reserves of the Company.

The Investment Management Agreement will continue until terminated at any time by either party giving to the other not less than 12 months' written notice. Either party may, however, terminate the Investment Management Agreement on shorter notice in certain circumstances, including *inter alia*, where one of the parties has a receiver appointed over its assets, an order is made or an effective resolution is passed for the winding up of one of the parties or if one of the parties commits a material breach of the Investment Management Agreement. If the Investment Management Agreement is terminated as a result of (i) the Company notifying the AIFM of an intended breach or change to any thresholds or profiles which the AIFM determines it has been given unreasonably short notice of or would cause it to be in breach of its obligations under the AIFM Directive or (ii) the AIFM notifies the Company of a change to a threshold or profile and the Company has not agreed to such change within two months of the notification then the AIFM is entitled to receive a sum calculated on a *pro rata* basis as if the Investment Management Agreement had been terminated on full notice together with reimbursement of its out of pocket expenses.

The AIFM has agreed to indemnify the Company in respect of any losses incurred as a result of wilful default, fraud or bad faith of the AIFM or any failure by the AIFM to carry out its obligations under the Investment Management Agreement with such reasonable skill and care as would be expected.

The Company has agreed to indemnify the AIFM (and its delegates and their officers, directors, employees and agents) against all claims by third parties which may be made against them in connection with the provision of services under the Investment Management Agreement except to the extent that the claim is due to the negligence, wilful default, fraud or bad faith of the AIFM or a breach of any laws or of the Investment Management Agreement by the AIFM.

The Investment Management Agreement is governed by the laws of England and Wales.

- 8.2. The Depositary Agreement dated 28 January 2016 between the Company, the Depositary and the AIFM pursuant to which the Company appointed BNP Paribas Securities Services, London Branch as the Company's depositary for the purposes of the AIFM Directive. Under the terms of the Depositary Agreement, the Depositary performs, *inter alia*, safekeeping, cashflow monitoring and oversight services in accordance with the AIFM Directive. The Depositary is responsible for enquiring into the conduct of the AIFM each annual accounting period.

The Depositary is paid an annual fee calculated as 0.015 per cent. of the value of the Company's assets up to £150 million and 0.012 per cent. of the value of the Company's assets above £150 million, subject to a minimum fee of £25,000 per annum. The Depositary is also entitled to fees for safe keeping and other services.

Under the terms of the Depositary Agreement, any party may, by giving to the other parties not less than six months' notice in writing, terminate the Depositary Agreement provided that the Depositary Agreement shall not terminate until a new depositary is appointed. The Depositary Agreement may also be terminated by any party immediately by notice in writing to the other parties where another party becomes subject to certain prescribed events of insolvency or another party materially defaults on its obligations under the Depositary Agreement and such default is not remedied within 30 days of notice from another party. The Depositary may also terminate the Depositary Agreement where (i) it has discharged its obligations to a delegate and the agreement with that delegate has been terminated, (ii) the Depositary is concerned that the standard of protection of the financial instruments is not sufficient, despite repeated warnings and such breach is not cured with 30 days of notice or (iii) any fund dealing services agreement is terminated or notice to terminate it is served.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safekeeping functions in relation to securities and other assets of the Company. The Depositary must exercise due skill, care and diligence in the

selection and appointment of a delegate to perform the safekeeping functions in respect of securities and other assets of the Company. The appointment of any such delegate shall not relieve the Depositary of its responsibilities or liabilities under the Depositary Agreement.

The Depositary and its branches, subsidiaries, delegates, employees, officers and directors have the benefit of an indemnity jointly from the Company and the AIFM in relation to all claims, losses, liabilities, damages, taxes, judgments, costs, fees and expenses (including properly incurred legal fees and expenses) suffered or incurred by the Depositary in the discharge of its duties under the Depositary Agreement other than those arising from the negligence or intentional default of the Depositary or any of its branches or subsidiaries or of any delegates under the Depositary Agreement.

The Depositary Agreement is governed by the laws of England and Wales.

- 8.3. The Administration Agreement dated 26 February 1997 (as amended by side letters dated December 2011 and 28 January 2016) between the Company and the Secretary pursuant to which PraxisIFM Fund Services (UK) Limited (previously known as Cavendish Administration Limited) was appointed to provide secretarial and administrative services to the Company. The Secretary is entitled to receive a fixed fee of £40,000 per annum together with a variable fee of 0.075 per cent. of the Company's net assets up to £100 million and 0.025 per cent. of the Company's net assets above £100 million (calculated at the end of each calendar month) per annum, subject to a minimum overall fee of £6,500 per month plus VAT payable monthly in arrears for the provision of secretarial services to the Company. The Secretary is entitled at any time to vary the amount or basis of its fee under the Administration Agreement on not less than 210 days' prior written notice to the Company. The Administration Agreement contains an unlimited indemnity in favour of the Secretary against claims by third parties except to the extent that the claim is due to the bad faith of the Secretary, any breach by it of the Administration Agreement or any reckless or negligent act or omission on its part. The Administration Agreement may be terminated by any party giving to the other not less than 180 days' notice in writing or otherwise in certain circumstances including, *inter alia*, where one of the parties goes into liquidation.

The Administration Agreement is governed by the laws of England and Wales.

- 8.4. The Placing Agreement dated 3 July 2019 between the Company and the Placing Agent pursuant to which the Placing Agent has agreed to use its reasonable endeavours to procure purchasers for the New Shares to be issued pursuant to the Placing Programme.

In the event that any of the conditions in the Placing Agreement are not met in respect of any Placing under the Placing Programme, the Placing Agent shall, among other things, not be under any obligation to complete the relevant Placing under the Placing Programme (as applicable) but shall make appropriate arrangements for the return of any monies received from Placees as soon as practicable and the Company shall withdraw any applications made in respect of the relevant Placing and, following consultation with the Placing Agent, make an announcement via a Regulatory Information Service that the relevant Issue has not become unconditional.

In consideration for its services under the Placing Agreement, the Placing Agent will receive from the Company a placing commission. In addition, the Company will be obliged to reimburse the Placing Agent for all out-of-pocket expenses incurred by it in connection with the Placing Programme.

The Company and the Investment Manager have given certain customary warranties to the Placing Agent pursuant to the Placing Agreement. The Company and the Investment Manager have, further, agreed to provide customary indemnities to the Placing Agent.

## **9. Investment restrictions**

- 9.1. In accordance with the requirements of the FCA, the Company:

- 9.1.1. will not invest more than 10 per cent. in aggregate of the value of the total assets of the Company at the time of investment in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent.

of their gross assets in other investment companies or investment trusts which are listed on the Official List);

- 9.1.2. will not conduct any trading activity which is significant in the context of the Company as a whole;
- 9.1.3. will, at all times, invest and manage its assets:
- (i) in a way which is consistent with its object of spreading investment risk; and
  - (ii) in accordance with its published investment policy.
- 9.2. As an investment trust, the Company aims to comply with section 1158 of the Tax Act, which imposes on the Company an obligation to spread investment risk.
- 9.3. In accordance with the requirements of the FCA, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.
- 9.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

## **10. General**

- 10.1. Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.2. There are no governmental, legal or arbitration proceedings (and, so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had in the previous 12 months, significant effects on the Company's financial position or profitability.
- 10.3. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which it is included.

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

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and at the registered office of the Company, Mermaid House, 2 Puddle Dock, London EC4V 3DB, until 2 July 2020:

- the Articles;
- the annual reports and accounts of the Company for the four financial periods ended 31 December 2018; and
- this document.

## **12. Availability of this document**

This document is available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM) and, until 2 July 2020, copies are available for collection, free of charge, from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and at the registered office of the Company.

**3 July 2019**

## PART 8

### TERMS AND CONDITIONS OF THE PLACING PROGRAMME

#### 1. Introduction

Each investor which confirms its agreement to the Placing Agent to subscribe for New Shares under the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and the Placing Agent may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see fit and/or may require such Placee to execute a separate placing letter (for the purposes of this Part 8, a “**Placing Letter**”). The terms of this Part 8 will, where applicable, be deemed to be incorporated into the Placing Letter.

#### 2. Agreement to subscribe for New Shares

Conditional on: (i) relevant Admission in respect of each Placing under the Placing Programme occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and the Placing Agent prior to the closing of each Placing under the Placing Programme, not being later than 2 July 2020 (as applicable); (ii) in the case of any Placing pursuant to the Placing Programme, to the extent required by the Prospectus Rules and FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iv) the Placing Agent confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by the Placing Agent at the relevant Placing Programme Price under the Placing Programme. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Multiple applications or suspected multiple applications on behalf of a single investor under the Placing Programme are liable to be rejected.

Fractions of New Shares will not be issued.

#### 3. Payment for New Shares

- 3.1. Each Placee must pay the relevant price for the New Shares issued to the Placee in the manner and by the time directed by the Placing Agent. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Shares may, at the discretion of the Placing Agent, either be rejected or accepted and in the latter case paragraph 3.2 of these terms and conditions shall apply.
- 3.2. Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant price for the New Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and the Placing Agent elects to accept that Placee's application, the Placing Agent may sell all or any of the New Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Placing Agent's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will remain liable for, and undertakes to indemnify fully the Placing Agent in respect of, any shortfall below the aggregate amount owed by such Placee and any tax or other charges and expenses (together with any interest or penalties) which may arise upon the sale of such New Shares on such Placee's behalf.

#### 4. Representations and warranties

By agreeing to subscribe for New Shares, each Placee which enters into such commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager and the Placing Agent that:

- 4.1. in agreeing to subscribe for New Shares under the Placing Programme, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company and/or the Placing Programme. It agrees that none of the Company, the Investment Manager, the Placing Agent or the Registrar, nor any of their respective officers, agents and employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2. if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Placing Agent or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing Programme;
- 4.3. it has carefully read and understands this document in its entirety and acknowledges that it is acquiring New Shares on the terms and subject to the conditions set out in this Part 8 and, if applicable, in any contract note or oral or email placing confirmation (for the purposes of this Part 8, a **"Contract Note"** or **"Placing Confirmation"**), the Placing Letter, if any, and the Articles as in force at the date of Admission of the relevant New Shares;
- 4.4. it has not relied on the Placing Agent or any person affiliated with the Placing Agent in connection with any investigation of the accuracy of any information contained in this document;
- 4.5. the content of this document and any supplementary prospectus published by the Company is exclusively the responsibility of the Company and its Directors and neither the Placing Agent nor any person acting on their behalf nor any of their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing Programme based on any information, representation or statement contained in this document or otherwise;
- 4.6. it acknowledges that no person is authorised in connection with the relevant Placing pursuant to the Placing Programme to give any information or make any representation other than as contained in this document and any supplementary prospectus published by the Company and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or the Placing Agent;
- 4.7. it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8. the price per New Share is fixed at the relevant Placing Programme Price and is payable to the Placing Agent on behalf of the Company in accordance with the terms of this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- 4.9. it has the funds available to pay in full for the New Shares for which it has agreed to subscribe and that it will pay the total subscription in accordance with the terms set out in this Part 8 and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- 4.10. its commitment to acquire New Shares under the Placing Programme will be agreed orally or in writing (which shall include by email) with the Placing Agent as agent for the Company and that a Contract Note or Placing Confirmation will be issued by the Placing Agent as soon as possible thereafter. That oral or written confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and the Placing Agent to subscribe for the number of New Shares allocated to it at the relevant



Placing Programme Price (as applicable) on the terms and conditions set out in this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) issued in connection with the commitment and in accordance with the Articles in force as at the date of the relevant Admission. Except with the consent of the Placing Agent such oral or written commitment will not be capable of variation or revocation after the time at which it is made;

- 4.11. its allocation of New Shares under the Placing Programme will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of New Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such New Shares; and (iii) settlement instructions to pay the Placing Agent as agent for the Company. The terms of this Part 8 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.12. settlement of transactions in the New Shares following the relevant Admission will take place in CREST but the Placing Agent reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.13. it accepts that none of the New Shares have been or will be registered under the laws of any of the EEA States (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the EEA States (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available;
- 4.14. it: (i) is entitled to subscribe for the New Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for New Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.15. if it is within the United Kingdom, it is: (a)(i) a qualified investor within the meaning of section 86(d) of FSMA; and (ii) a person who falls within Articles 49(2)(a) to (d), 19(1) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the New Shares may otherwise lawfully be offered under such Order or otherwise; or (b) if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.16. if it is a resident in the European Economic Area (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC and (b) that it is a person to whom the New Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation of that relevant Member State;
- 4.17. in the case of any New Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of Directive 2010/73/EU (the "**Prospectus Directive**"): (i) the New Shares acquired by it in the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Placing Agent has been given to the offer or resale; or (ii) where New Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.18. if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing Programme (including, for the avoidance of doubt, any supplementary prospectus published by the Company) (for the purposes of this Part 8, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or



any person whom it is procuring to subscribe for New Shares pursuant to the Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- 4.19. it does not have a registered address in, and is not a citizen, resident or national of, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- 4.20. if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Shares under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing Programme is accepted;
- 4.21. it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and that no Placing Document is being issued or approved by the Placing Agent in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as a financial promotion by an authorised person;
- 4.22. it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Programme in, from or otherwise involving, the United Kingdom;
- 4.23. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.24. no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the New Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.25. it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States purchase and transfer restrictions" in paragraph 5, below;
- 4.26. it acknowledges that neither the Placing Agent nor any of its affiliates, nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of the Placing Agent and that the Placing Agent has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing Programme;
- 4.27. that, save in the event of fraud on the part of the Placing Agent, none of the Placing Agent, its ultimate holding companies, any direct or indirect subsidiary undertakings of such holding company, any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of the Placing Agent's role as placing agent or otherwise in connection with the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any such persons which the Placee or any of its clients may have in respect thereof;

- 4.28. it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and/or the Placing Agent. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 4.29. it irrevocably appoints any director of the Company and any director of the Placing Agent to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Shares for which it has given a commitment under the Placing Programme, in the event of its own failure to do so;
- 4.30. it accepts that if any Placing pursuant to the Placing Programme does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the New Shares for which valid applications are received and accepted are not admitted to the Official List of the FCA and to trading on the Main Market for any reason whatsoever then neither the Placing Agent, the Investment Manager nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.31. in connection with its participation in the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing ("**Money Laundering Legislation**") and that its application for New Shares is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for New Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing) (the "**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.32. it acknowledges that due to anti-money laundering requirements, the Placing Agent and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Placing Agent and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify the Placing Agent and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it in a timely manner;
- 4.33. it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Secretary's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Secretary and the Placing Agent are each required to specify the purposes for which they will hold personal data. For the purposes of this document "**Data Protection Legislation**" means EU Regulation 2016/679 ("**GDPR**") or any equivalent or similar legislation implemented in the United Kingdom following the United Kingdom's withdrawal from the European Union. The Registrar, the Secretary and the Placing Agent will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- 4.33.1. process its personal data (including sensitive personal data) as required for or in connection with the holding of New Shares, including processing personal data in connection with credit and money laundering checks on it;

- 4.33.2. communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of New Shares;
  - 4.33.3. provide personal data to such third parties as are or shall be necessary in connection with its affairs and generally in connection with its holding of New Shares or as the GDPR may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK);
  - 4.33.4. without limitation, provide such personal data to the Company or the Investment Manager and its respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and
  - 4.33.5. process its personal data for the purpose of their internal record-keeping and reporting obligations.
- 4.34. in providing the Placing Agent, the Registrar and the Secretary with information, it hereby represents and warrants to the Placing Agent, Registrar and the Secretary that it has obtained any necessary consents of any data subject to whose data it has provided to the Placing Agent, the Registrar and the Secretary and their respective associates holding and using their personal data for the Purposes (including, where required, the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph 4.33 above) and will make the list of "Purposes" for which the Placing Agent, the Registrar and the Secretary will process the data (as set out in clause 4.35 of this Agreement) available to all data subjects whose personal data may be shared by it in the performance of these terms and conditions and the relevant Placing. For the purposes of this document, "data subject", "data controller", "data processor", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Legislation;
  - 4.35. the Placee, the Placing Agent, the Company, the Secretary and the Registrar are each data controllers for the purpose of the Data Protection Legislation and the parties all agree and acknowledge that none of the Placee, the Placing Agent, the Company, the Secretary and the Registrar is or shall be a data processor for any of the others or a joint data controller with any of the others and they will each comply with their obligations under the Data Protection Legislation and the Placee will do nothing that puts the Placing Agent, the Company, the Secretary or the Registrar in breach of their respective obligations;
  - 4.36. the Placing Agent and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
  - 4.37. the representations, undertakings and warranties contained in this document and, as applicable, any Contract Note or Placing Confirmation and the Placing Letter (if any) are irrevocable. It acknowledges that the Placing Agent and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Shares are no longer accurate, it shall promptly notify the Placing Agent and the Company;
  - 4.38. where it or any person acting on behalf of it is dealing with the Placing Agent, any money held in an account with the Placing Agent on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Placing Agent to segregate such money, as that money will be held by the Placing Agent under a banking relationship and not as trustee;
  - 4.39. any of its clients, whether or not identified to the Placing Agent, will remain its sole responsibility and will not become clients of the Placing Agent for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

- 4.40. it accepts that the allocation of New Shares shall be determined by the Placing Agent in their absolute discretion but in consultation with the Company and that the Placing Agent may scale back any commitments for this purpose on such basis as it may determine; and
- 4.41. time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Placing Programme.

## **5. United States purchase and transfer restrictions**

By participating in the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar and the Placing Agent that:

- 5.1. it is not a US Person and it is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Shares for the account or benefit of a US Person;
- 5.2. it acknowledges that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- 5.3. it acknowledges that the Company has not registered and will not register as an investment company under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- 5.4. (i) unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; or (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or
- (ii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Tax Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the New Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 5.5. if any New Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:
- “AURORA INVESTMENT TRUST PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;
- 5.6. if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its New Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- 5.7. it is purchasing the New Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Shares in any manner that would violate the US Securities Act, the Investment Company Act or any other applicable securities laws;
- 5.8. it acknowledges that the Company reserves the right to make inquiries of any holder of the New Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such New Shares or interests in accordance with the Articles;
- 5.9. it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 5.10. it is entitled to acquire the New Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Placing Agent or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- 5.11. it has received, carefully read and understands this document and any supplementary prospectus published by the Company, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 5.12. if it is acquiring any New Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, the Placing Agent and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company.

## **6. Supply and disclosure of information**

If the Placing Agent, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Shares under the Placing Programme, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

## **7. Miscellaneous**

The rights and remedies of the Company, the Investment Manager, the Placing Agent and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Shares, which the Placee has agreed to subscribe for pursuant to the Placing Programme, have been acquired by the Placee. The contract to



subscribe for New Shares under the Placing Programme and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Manager, the Placing Agent and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Shares under the Placing Programme, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Placing Agent and the Company expressly reserve the right to modify the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part 7 of this document.



## DEFINITIONS

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

<b>Act</b>	the Companies Act 2006, as amended
<b>Administration Agreement</b>	the administration agreement dated 26 February 1997 (as amended by side letters dated December 2011, 28 January 2016 and 25 May 2018) between the Company and the Secretary, further details of which are set out in paragraph 8.3 of Part 7 of this document
<b>Admission</b>	in respect of New Shares, the admission of such New Shares to the Official List and to trading on the Main Market
<b>Admission Condition</b>	(i) the FCA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of any New Shares arising under any Placing to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (" <b>listing conditions</b> ")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the relevant New Shares will be admitted to trading on the Main Market
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the Association of Investment Companies Code of Corporate Governance
<b>AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council, as amended
<b>Articles</b>	the articles of association of the Company, as amended from time to time
<b>Auditors</b>	Grant Thornton UK LLP, a limited liability partnership incorporated in England and Wales (registered number OC307742), whose registered office is at Grant Thornton House, Melton Street, Euston Square, Euston, London NW1 2EP
<b>Australia</b>	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>Business Day</b>	a day (other than a Saturday, Sunday or public holiday) on which the London Stock Exchange is open for business
<b>Canada</b>	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
<b>Company</b>	Aurora Investment Trust plc, a company incorporated in England and Wales (registered number 03300814), whose registered office is at Mermaid House, 2 Puddle Dock, London EC4V 3DB
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended

<b>Depository</b>	BNP Paribas Securities Services, London Branch, a company incorporated in France (registered number 552 108 011), whose registered office is at 3, rue d'Antin, 75002 Paris, France acting through its London branch whose office is at 10 Harewood Avenue, London NW1 6AA
<b>Depository Agreement</b>	the depository agreement dated 28 January 2016 between the Company, the AIFM and the Depository, further details of which are set out in paragraph 8.2 of Part 7 of this document
<b>Directors or Board</b>	the directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA, as amended
<b>Documentation Costs</b>	the aggregate costs of and incidental to the publication of this document
<b>EEA States</b>	the member states of the European Economic Area
<b>ERISA</b>	the US Employee Retirement Income Security Act 1974, as amended
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>Existing Shareholders</b>	registered holders of Ordinary Shares on the date of publication of this document
<b>fair value</b>	the amount for which an asset or liability could be exchanged in an arm's length transaction between unrelated, willing parties
<b>FATCA</b>	the US Foreign Account Tax Compliance Act 2010 as amended and any regulations made thereunder or in association therewith
<b>FCA</b>	the Financial Conduct Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	the general meeting of the Company that was held at 1.30 p.m. on 9 April 2019
<b>IFRS</b>	international financial reporting standards
<b>Investment Management Agreement</b>	the investment management agreement dated 28 January 2016 between the Company and the Investment Manager, further details of which are set out in paragraph 8.1 of Part 7 of this document
<b>Investment Manager or AIFM or Phoenix</b>	Phoenix Asset Management Partners Limited, a company incorporated in England and Wales (registered number 03514660), whose registered office is at 64-66 Glenham Road, Barnes, London SW13 9JJ
<b>ISA</b>	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
<b>Japan</b>	Japan, its cities, prefectures, territories and possessions
<b>Link Asset Services</b>	a trading name of Link Market Services Limited, a company incorporated in England and Wales (registered number 02605568), whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA, as amended

<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Market Abuse Regulation</b>	Regulation (EU) 596/2014, all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such regulation
<b>Net Asset Value or NAV</b>	the value of the Company's assets, less any liabilities (including any costs or borrowings)
<b>Net Asset Value per Ordinary Share or NAV per Ordinary Share</b>	the prevailing net asset value per Ordinary Share from time to time, calculated in accordance with the Company's normal accounting policies
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to any Placing
<b>Official List</b>	the official list of the FCA
<b>Ordinary Shares or Shares</b>	ordinary shares of 25 pence each in the capital of the Company
<b>Overseas Investor</b>	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom
<b>Placees</b>	the persons to whom New Shares are issued pursuant to the Placing Programme
<b>Placing</b>	any issue of New Shares pursuant to the Placing Programme as described in this document
<b>Placing Agent or Liberum</b>	Liberum Capital Limited, a company incorporated in England and Wales (registered number 05912554), whose registered office is at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY
<b>Placing Agreement</b>	the placing agreement between the Company, the Investment Manager and the Placing Agent, further details of which are set out in paragraph 8.4 of Part 7 of this document
<b>Placing Programme</b>	the proposed programme of placings of New Shares by the Placing Agent as described in Part 4 of this document
<b>Placing Programme Price</b>	the price at which New Shares will be issued under the Placing Programme which will be calculated as described in Part 4 of this document
<b>PRA</b>	the Prudential Regulation Authority
<b>Prospectus</b>	this document
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of FSMA, as amended
<b>Registrar</b>	Link Asset Services
<b>Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>Secretary</b>	PraxisIFM Fund Services (UK) Limited, a company incorporated in England and Wales (registered number 09879916), whose registered office is at Mermaid House, 2 Puddle Dock, London EC4V 3DB
<b>Shareholder</b>	a holder of Ordinary Shares

<b>SIPP</b>	a self-invested personal pension plan
<b>Sponsor</b>	Dickson Minto W.S. of Broadgate Tower, 20 Primrose Street, London EC2A 2EW
<b>SSAS</b>	a small self-administered pension scheme
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended
<b>Tax Act</b>	the Corporation Tax Act 2010, as amended
<b>Tax Code</b>	the US Internal Revenue Code of 1986, as amended
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK Code</b>	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Investment Company Act</b>	the US Investment Company Act of 1940, as amended
<b>US Person</b>	has the meaning given in Regulation S of the US Securities Act
<b>US Securities Act</b>	the US Securities Act of 1933, as amended
<b>VAT</b>	value added tax